Who won the Falklands peace?
Ten years after Mrs Thatcher launched a modern Armada, **Jimmy Burns**, who covered the war from Argentina, discovers what the defeated foe thinks of the anniversary .... Page I

Essex man lived here
"Wanna bargain? Lovely houses close to London going cheap!" .... Page XII

How the Taj was Trumped
Steve Wynn took on Donald Trump in a billion-dollar game of casinos, and won .... Page XI

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

Newspaper of the Year | Weekend March 21/March 22 1992 | D 8523A

WORLD NEWS

Iraq tells UN it will destroy Scud missile equipment

Iraq agreed to destroy manufacturing equipment related to its Scud missile programme in an effort to defuse the threat of military action from the United Nations.

Rolph Ekeus, director of the UN commission charged with eliminating Iraq's weapons of mass destruction, said the move showed a new willingness in Baghdad to comply with UN demands.
Page 24

Apology for duchess

Queen's press secretary Charles Anson apologised to the Duchess of York and the Queen for critical remarks he made on Thursday about the duchess's suitability for public and royal life.
Palace sources made it clear there was no need for Mr Anson, who was previously in charge of group public relations for merchant bankers Kleinwort Benson, to resign.

BCCI man in court
Imran Mohammed Ahmad Iman, former Bank of Credit and Commerce International account manager, will appear at the City of London magistrates court today charged with two offences of conspiracy involving $179.4m (£103.6m). Page 4

Referendum appeal
President Boris Yeltsin appealed to residents of the autonomous republic of Tatarstan to vote "no" in a referendum today on independence from the Russian Federation, saying the poll could unleash violence. Page 2

Troops kill Palestinian
Israeli soldiers shot dead a Palestinian and imposed curfews in the worst unrest to sweep the occupied West Bank and Gaza Strip this year. Youths stoned troops and paramilitary police and set up roadblocks of burning tyres.

Libya offers Pan Am pair
Libya was reported to be ready "in principle" to hand over to the United Nations two men accused of the bombing of a Pan Am aircraft over Lockerbie in Scotland. Page 3

China 'a socialist rock'
Premier Li Peng said faster and deeper economic reform would ensure China as a socialist "rock in the east" and warned that neither political change nor unrest would be tolerated. Page 3

Kenya bans rallies
Kenya banned political rallies in an effort to curb tribal fighting in which more than 70 people have died this year.
Page 3

Open skies pact
Nato allies and former Soviet bloc countries agreed in Vienna to allow unarmed surveillance aircraft to fly over each other's territory.
Page 2

Foes unite to sell arms
The Serb-controlled Yugoslav army and the republic of Croatia, until recently at each other's throats, have joined forces to produce weapons for export.
Page 2

Picasso stolen
An early Picasso oil painting, Child with a Doll, was stolen from a museum at Grenoble in the French Alps.

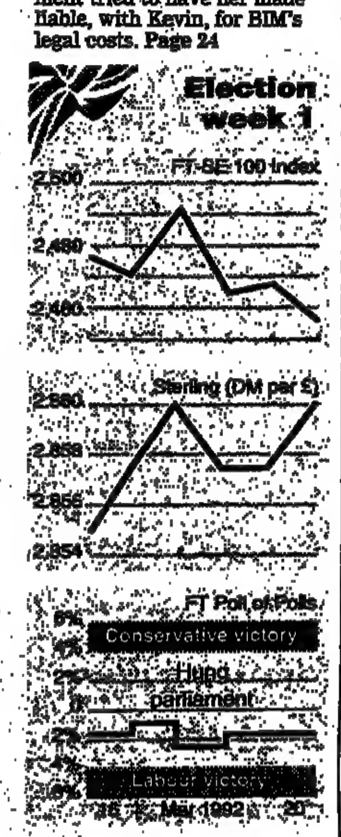
FT No. 31,715

BUSINESS SUMMARY

Maxwell's widow helps foot son's legal bills

Elizabeth Maxwell, widow of the late Robert Maxwell, who last month described herself as "destitute", is the benefactor helping to pay her son Kevin's legal bills.

Her identity was disclosed in the Appeal Court where provisional liquidators of Bishopsgate Investment Management tried to have her made liable, with Kevin, for BIM's legal costs. Page 24



Equities weakened as Labour finished the first week of election campaigning with a slight lead in opinion polls. The FT-SE 100 closed 19.4 down on the week at 2,456.6. Sterling finished at DM2.86, against last week's close of 2.855. Currencies, Page 13; Stock market, Page 15

SOUTH AFRICA'S central bank said it was cutting its key discount rate to 16 per cent from 17 per cent with effect from Monday.

STAGECOACH, Britain's biggest private bus operator, is to become the first company to operate a regular passenger service on British Rail. Page 24

GERMAN public sector pay talks collapsed after the government and federal states refused to improve their 3.5 per cent pay offer. Page 2

POST OFFICE expects to shed about one-third of the 45,000 jobs in letter sorting over the next few years as a result of a £250m investment programme. Page 4

FRAUD detectives are trying to trace up to £1m missing from the pension scheme of Peak Design, collapsed furniture maker. Page 4

NESTLE, Swiss foods group, said its bitter takeover battle with Italy's Agnelli family for Source Perrier, French mineral water and cheese group, could be resolved soon. Page 12; Lex, Page 24

BRITISH AIRWAYS, along with three German banks, acquired Delta Air, a German commuter airline. Page 12; Virgin Atlantic libel action, Page 4

JAMES WILKES, engineering company fighting a hostile bid by Petrocon, saw pre-tax profits fall 66 per cent in 1991 from £5.61m to £1.89m after writing down assets to be sold.
Page 10

Olympia & York banks to meet over debts

By Bernard Simon in Toronto and Richard Waters and Vanessa Houlder in London

BANKERS to Olympia & York, the world's biggest property developer, are preparing for talks to consider the secretive group's debts estimated to be at least C$10bn (£5bn).

Banks from around the world are expected to be called to a meeting within weeks to seek a way to support the transatlantic property group built up by the Canadian Reichmann brothers.

O&Y, whose flagship developments include the World Financial Centre in New York and Canary Wharf in London, has seen its income squeezed by the continuing recession in North America and Britain. Falling property values have made banks increasingly nervous.

The group's debts are a closely guarded secret but Canadian real estate analysts estimate its debt at between C$10bn and C$20bn.

A decision to call the meeting lies with the group's main bankers, Canadian Imperial Bank of Commerce (CIBC) and Citibank of the US. Others are expecting a formal invitation to attend.

Mr Paul Reichmann, O&Y's president, is a director of CIBC, but the bank declined yesterday to comment on any aspect of its business dealings with O&Y.

An O&Y spokesman said: "There are ongoing discussions with individual banks." He said no meeting had taken place or been scheduled but would not comment further.

Any restructuring of O&Y's debt by the group's bankers would amount to one of the largest financial operations of its kind in recent years.

A comparable operation was the US$8bn debt restructuring of Mr Rupert Murdoch's media empire in early 1991.

One banker said of the group's cash squeeze: "It has been taking a lot of money at a time when the businesses are not generating cash. Also, there's no new money to pay today's bills."

He added that bankers are not content to rely only on the group's various properties as securities for their loans. "It's fine to own a piece of real estate, but it's not cash." O&Y is already understood to have arranged a loan with a number of its bankers to replace two short-term financing arrangements totalling C$800m.

The company has already refinanced about C$380m, and is now in talks with the banks to replace the rest with more stable, longer-term loans.

O&Y's problems are due in large part to the resources it has been forced to devote to the £1.3bn Canary Wharf project in the London's docklands, Europe's largest office project.

The company was successful at signing up tenants before the completion of the first phase of 4.4m sq ft but, in the past 18 months, as the recession in the UK has deepened, the rate of lettings has slowed sharply.

Forty per cent of the existing space remains unlet.

A further 6m sq ft are due to be completed by 1997 although it is unclear whether the whole project will be finished.

This week the company withdrew a £215m financing package to attract private investors into Canary Wharf.

The company is also under pressure in North America, where it is fighting to keep some of its tenants in cities which have sharply increased vacancy rates.

Tony Andrews

Cheers and jeers: Margaret Thatcher in London where poll tax demonstrators mixed with the party faithful

The Texas king who would be president

By George Graham in Washington

EVERY time Mr Ross Perot, the Texas businessman, appears on US television, viewers ring in to ask him to run for president.

If he decides to do so, as an independent, he will not have to worry about the factor – lack of money – that caused Mr Paul Tsongas to drop out of the Democratic race this week.

Mr Perot, who sold his EDS computer services empire to General Motors for $2.5bn (£1.44bn) in 1984 and owns a large slice of his native Texas, is one of the wealthiest men in the US. He could easily finance a presidential bid out of petty cash.

This week he virtually launched his campaign with a speech on what he sees as wrong with the US government.

Scores of volunteers are busily gathering signatures to get his name on the ballot in all 50 states – a condition Mr Perot has imposed before formally declaring his candidacy.

Mr Perot's appeal is largely based on his well-burnished image as a rare combination of boy scout and business leader, on the assumption that he could do for the US what he did for EDS.

However, to the average voter, his best-known achievement is the rescue of two EDS employees from an Iranian jail – an episode glamourised in "Wings of Eagles", by Ken Follett, the British novelist.

As a candidate, he would combine this reputation for derring-do with an intriguing blend of political standpoints.

There would be a little of Mr Tsongas's call for sacrifices to
Continued on Page 24

Life group suspends agents for retraining

By Norma Cohen, Investments Correspondent

WINDSOR LIFE, a UK life assurance company, has "voluntarily suspended" its 350 sales agents after a compliance review by Lautro, the industry's self-regulatory body.

A spokesman for Windsor Life, based in Telford, Shropshire, said the agents had been suspended on March 19. They would not be allowed to write new business until they had been retrained and adequate testing procedures had been put in place.

"It is a request, not a disciplinary proceeding," he said. The spokesman acknowledged, however, that if sales had not ceased, the regulator was likely to have taken action.

"The issue is about weakness in compliance," the spokesman said. It is not clear how long the suspension would last. "The company wants to make sure they get it right," he said. It may be weeks before the sales force will be allowed to seek new business.

Lautro declined to comment on its talks with Windsor Life, which is wholly owned by New York Life, US's fourth largest insurance company. It is believed, however, to have conducted a regularly scheduled compliance review in December and discovered that sales agents did not know enough about the design or cost of their own products, among other things.

Failure to train sales agents properly goes to the heart of regulators' concerns about what is known as mis-selling: inducing consumers to purchase insurance policies which are inappropriate for their needs. Such policies are too frequently cancelled in the first few years of their life, causing consumers to lose a large portion of premiums paid.

Sales agents who do not know enough about each client's circumstances or the costs and features of the products they recommend cannot meet regulatory requirements to offer "best advice" and are likely to mis-sell.

Lautro has only twice before sought a voluntary cessation of sales by a life insurance company and only once, just over a month ago, suspended a life insurance company's sales
Continued on Page 24

Major spearheads Tory drive to regain initiative

By Ivo Dawnay, Alison Smith and Emma Tucker

A BLITZ of personal appearances by the prime minister signalled the start yesterday of an all-out Conservative drive to regain the initiative after a week that saw Labour take the offensive in the UK general election campaign.

Labour seized on yesterday's unchanged inflation rate of 4.1 per cent to renew its charge that the government is doing nothing to promote recovery. Meanwhile, Mr John Major led an onslaught on Labour's shadow budget.

His combative language displayed a fresh aggression that contrasted markedly with his affable and conciliatory prime ministerial image.

In a speech last night in his Huntingdon constituency, he referred to a hardline socialism "brewing and bubbling" under the surface in a party offering a "dismal, destructive and divisive vision of Britain".

Mr Neil Kinnock, speaking on a campaign tour of Cardiff, described the inflation figures as "a very grave disappointment" for the government which was "suppressing inflation by devastating the economy". The Labour leader said: "They are certainly not curing it and they are not effectively controlling it."

Mr Paddy Ashdown, the Liberal Democrat leader, echoed similar charges, but Mr Major brushed aside the criticism. Welcoming the figures as "excellent news", he denied that economists had expected a fall and said that for the first time in a quarter of a century Britain had a lower inflation rate than Germany. He spelt out his determination for Britain to achieve zero inflation. "No other party will set that target; no other party cares so much. But it is the only long-term way to proper peace of mind for the pensioner; and the only long-term way to stable, permanent jobs." The clash over inflation came as Tory campaign managers planned to use the weekend to reverse what is widely
Continued on Page 24

■ End to discounting causes inflation to stick, Page 4
■ Election 92, Pages 6-7
■ The judgments of conviction, Page 9
■ Your money or your vote, Weekend, Page III
■ Editorial Comment, Page 8

The notice went up on the Palace railings just before lunch. 'The stock market and the Conservative party are discussing a separation . . .' For most of their years together, the couple seemed ideally suited. Both formed part of a boisterous 1980s crowd, fond of talking loudly into mobile phones in restaurants.

Peter Martin, Weekend, Page II

MARKETS

STERLING
New York lunchtime
$1.6725
London:
$1.7065 (1.7115)
DM2.86 (2.8575)
FFr9.7325 (9.705)
SFr2.6025 (2.5925)
Y228.75 (228.0)
£ Index 89.8 (same)

GOLD
New York Comex Apr
$353.3 (339.1)
London:
$339.05 (336.85)

N SEA OIL (Argus)
Brent 15-day Apr
$17.775 (17.875)

Chief price changes yesterday: Page 24

DOLLAR
New York lunchtime:
DM1.7125
FFr5.6875
SFr1.534
Y134.0
London:
DM1.6765 (1.6695)
FFr5.7025 (5.67)
SFr1.525 (1.5145)
Y134.05 (133.25)
$ index 65.9 (65.4)

US LUNCHTIME RATES
Fed Funds: $3\frac{7}{8}$%
3-mo Treasury Bills:
4.06%
Long Bond:
$99\frac{13}{32}$
yield: 8.04%

STOCK INDICES
FT-SE 100: Yield 5.02
2,456.6 (−11.0)
FT-A All-Share:
1,181.44 (−0.5%)
FT-SE Eurotrack 100:
1,153.93 (+0.75)
New York lunchtime:
DJ Ind. Av.
3,262.97 (+1.57)
S&P Comp
409.34 (−0.46)
Tokyo: Nikkei
Closed.

LONDON MONEY
3-month interbank:
$10\frac{15}{16}$% ($10\frac{13}{16}$%)
Liffe long gilt future:
Jun $94\frac{7}{32}$ (Jun $94\frac{13}{32}$)

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Bundesbank power shift a step closer

By Quentin Peel in Bonn

A RESTRUCTURING of the German Bundesbank, to reduce the influence of the federal states in its ruling council, passed a key hurdle yesterday in the Bundestag.

The lower house of the Germany parliament agreed to cut the number of separate "state central banks" from 11 to nine, instead of raising the number to 16 to accommodate all the new states in the former East Germany.

The move, backed by the government and Mr Helmut Schlesinger, the Bundesbank president, is being pushed through in spite of opposition from most of the states.

It is intended to prevent the German central bank from becoming unwieldy and from being dominated by potentially maverick state central bankers against the views of its full-time directors.

In recent months state representatives have twice come into conflict with Mr Schlesinger and his full-time colleagues: in pushing through a half-point rise in interest rates when the Bundesbank president favoured a quarter-point; and in bringing reservations about European monetary union into the open.

It now seems a deal will have to be negotiated in a conciliation committee between the Bundestag, in which the government has a majority, and the Bundesrat, which represents the 16 states, now with a Social Democrat majority.

Bonn heads off public sector strike

By Quentin Peel in Bonn

PAY TALKS for more than 2.6m German public sector workers collapsed yesterday after the government and federal states refused to improve their 3.5 per cent pay offer.

The government immediately appealed for arbitration to head off strike action.

Unions representing 2.3m public sector workers, 240,000 postal workers and 110,000 railway workers, all declared a formal failure of the negotiations after two days of often bitter and stormy talks in Stuttgart.

But their plan to call an immediate strike ballot was foiled by the government move to go to arbitration, which imposes a compulsory cooling-off period of up to six weeks. Nevertheless, the prospect of a big public sector strike in Germany is still real.

"The two sides are still worlds apart, between what the employers are offering and what the trade unions are demanding," said a representative of the local authorities, the third tier of employers involved below the central government and the states.

Mrs Monika Wulf-Mathies, leader of the OTV public sector union, said the government's 3.5 per cent offer was a "declaration of war." The unions are seeking 9.5 per cent, plus extra holiday pay.

The government's hard line reflects anxiety about extraordinary pressures on the public purse stemming from German unification costs and the signals that a high pay award would give for other sectors, including key engineering workers.

Chancellor Helmut Kohl this week approved an increase in pensions of only 2.7 per cent, well below the current 4.2 per cent annual inflation rate, to a storm of criticism.

Behind him he has the grim determination of the Bundesbank to stifle the threat of inflation by tightly controlling money supply and keeping short-term interest rates at a record level.

Public sector wages have been resolved in arbitration twice before in the past decade, but the two sides appear more firmly entrenched than in recent years. However, neither side really wants all-out conflict, aware that the German economy is in danger of tipping into recession and that the cost of massive transfers from the west German economy to the east is still rising.

● West German industry had the highest labour costs in the world last year for the third consecutive year, according to a study released yesterday by the Institute of German Economy (IW), Reuter reports from Bonn.

The IW, financed by German industry, said labour costs in west German industry in 1991 were DM40.48 (£14.17 at current exchange rates) an hour, DM1.65 (about 58 pence) higher than in Switzerland. The Swiss had the highest labour costs from 1986 to 1988; Germany has since headed the list.

Portugal had the lowest industrial labour costs among 20 countries surveyed by the IW. Hourly labour costs there last year were DM7.88 (£2.76), below the DM11.14 (£3.90) paid in Greece, the next cheapest.

The strength of the D-Mark and rising costs of social welfare were the main reasons for the high German levels.

Kohl aims to break Gatt impasse in Bush talks

By Quentin Peel

CHANCELLOR Helmut Kohl of Germany will meet President George Bush today for talks which the German government hopes will help to break the logjam in the stalled Gatt negotiations on liberalisation of trade.

The two leaders are also expected to discuss the state of the world economy and the consequences of the collapse of the Soviet Union in their talks at Camp David, the president's weekend retreat.

Mr Kohl is flying to the US under heavy domestic pressure to use his good offices to broker a deal on the Gatt talks between his two closest allies - the US and France. German industry this week issued a renewed warning that failure of the trade talks could tip the world economy into outright recession.

At the same time he is politically committed to protect German farmers, amongsthe most heavily subsidised in the European Community, and he is extremely anxious not to be seen to isolate France, the major agricultural exporter in the Community.

The government spokesman, Mr Dieter Vogel, insisted yesterday that Mr Kohl was not seeking to negotiate in Washington, and was not stepping outside the common EC negotiating position in the trade talks. These talks are bogged down in disagreement on the extent of long-term income support for European farmers and on proposed quantity restrictions on future EC farm exports.

But he confirmed that the Chancellor saw the possibility of a trade-off, with the US accepting a freeze on its sales of cereal substitutes to the EC, while the Community would agree to quantity restrictions on its own exports.

In a statement issued on Wednesday, the German government said it was still fighting for the interests of German farmers, while accepting that EC surplus farm production must be reduced through logical policies and price cuts. The Gatt round must ensure the basis for future farm policy, including building in income support for farmers and adequate protection from imports.

"This external protection is nevertheless not possible without a satisfactory agreement on the quantity of future subsidised EC farm exports and of so-called cereal substitutes," Mr Vogel said.

The German federation of industry (BDI), the country's main business lobby, stepped up its pressure on the Chancellor with a presentation concluding that success in the Gatt talks was critical both for the world economy and for Germany.

Mr Heinrich Weiss, BDI president, said the negative effects for Germany of a failure would be greater than for any other country, with one in every three German jobs dependent on exports.

"A policy which risks failure of the Gatt negotiations because of the controversial special protection for EC agriculture would endanger both national and international well-being," he said.

Bush and Congress do battle over reviving economy

By Jurek Martin, US Editor, in Washington

WASHINGTON ushered in the spring equinox yesterday with predictable rolls of political thunder as President George Bush and the Democratic leadership in Congress squared off over how best to revitalise the US economy.

Yesterday was the deadline set by the president in his state of the union message for Congressional passage of his plan to stimulate growth. It has been apparent for some weeks that whatever came out of Congress would be vetoed by Mr Bush because, though broadly fiscally neutral, it would increase income taxes on the wealthiest Americans.

The White House launched the first strike on Thursday night by announcing that Mr Bush would invoke an obscure and never-used provision in the 1974 budget act and require Congress specifically to vote on more than 100 individual spending items, worth $3.6bn, deemed excessive by the Administration. This seems to be a variation on the "line item veto" that some Republicans have been urging the president to adopt. Details were to due to be filled in later yesterday.

The Congressional leadership immediately questioned his authority to do this and even the White House conceded that though the president has the power to demand that Congress rescind earmarked funds, the legislature has 45 days to consider the issue and, if necessary, reject the presidential proposals.

Simultaneously, and overnight, Congressman Dan Rostenkowski, chairman of the House ways and means committee, and Senator Lloyd Bentsen, chairman of the Senate finance committee, drew up the tax bill for presentation to both Houses yesterday – and a certain veto by the president.

Their bill does incorporate a lot of Mr Bush's seven point plan, but it finances middle income tax credits by increasing the top tax rate from 31 per cent to 36 per cent. This rate is only paid by individuals with taxable incomes over $115,000 (£66,473) a year and couples earning over $140,000.

Mr George Mitchell, the Democratic Senate majority leader, praised the package as not only fair but fiscally responsible. He said it would cut the federal deficit by $10bn, whereas the Bush plan, as originally proposed, would increase it by $34bn. The bill will pass both houses, it is assumed, but not by enough to override a presidential veto.

Mr Bush's political strategy in this is very clear. He wishes to re-establish his credentials as a president who will not increase taxes, even if only on the wealthy, and, at the same time, he intends to stop unnecessary spending.

The combination is also designed to replant in the public mind the perception, successfully used in the last three presidential elections, that the Democrats are the "tax and spend" party.

Mr Bush is helped by the fact that Congress, engulfed by a variety of scandals, is not the flavour of the month among the US electorate. On top of the House bank scandal, the House Postmaster resigned on Thursday, amid accusations that its facilities had also been abused by members of Congress.

A poll yesterday found public confidence in Congress at an all-time low of just under 20 per cent. The Democrat-run Congress thus represents an inviting target for Mr Bush before he locks horns with his Democratic opponent, most likely Governor Bill Clinton, in the presidential election.

Old enemies agree surveillance pact

By David White, Defence Correspondent

NATO allies and countries of the former Soviet bloc reached an Open Skies agreement in Vienna yesterday, allowing them to fly unarmed surveillance aircraft over each other's territory.

The accord, reached six months after the revival of negotiations, means that a formal treaty can be signed by foreign ministers when they meet at the Conference on Security and Co-operation in Europe (CSCE) in Helsinki on Tuesday.

The pact is due to be initialled today by representatives of 24 countries including – out of the former Soviet Republics - Russia, Ukraine and Belarus. Other new republics as well as European countries outside Nato and the former Warsaw Pact will be able to join later.

Russia and representatives from the nine-nation Western European Union are due to meet in Moscow next week to discuss the possible use of jointly-funded aircraft to carry out Open Skies flights.

Initially, surveillance will be done by cameras and radar, with infra-red sensors used only by bilateral agreement, but this restriction will be lifted after three years. Each country will have a quota of flights.

Data obtained from the flights will be available to all signatories, although payment arrangements have still to be settled.

President Bush launched the Open Skies initiative in May 1989, taking up a proposal first put forward by President Eisenhower in 1955. But talks ran aground a year later over restrictions sought by Moscow. They resumed last September. Moscow dropped its insistence on territorial limits and the right to overfly US bases in other regions. In exchange, it obtained the right for any signatory to provide its own aircraft for surveillance missions.

Ukrainian women shout anti-Russian slogans before the arrival of President Yeltsin in Kiev yesterday

Shipyard revival seen as tactic against Le Pen

By William Dawkins in Paris

THE FRENCH government has given its blessing to attempts to re-open a bankrupt shipyard near Marseilles, attracting opposition allegations of underhand electioneering tactics ahead of tomorrow's regional poll.

The yard, at La Ciotat, is an historic industrial symbol in the Provence-Alpes-Côte d'Azur region, where the extreme right-wing National Front has had a big lead in opinion polls, ahead of conservatives and Mr Bernard Tapie, the flamboyant businessman backed by the Socialists.

The district or departmental authority has just bought La Ciotat's assets from Banque Worms, a nationalised bank which took them over two years after Nordmed, the former operator, went into liquidation in 1987.

The local authority has been keen to re-open the yard with Lexmar, the Swedish shipbuilder, ever since its demise, but it was only earlier this week that a formerly sceptical government gave its go-ahead for negotiations.

This followed an announcement by Mr Pierre Bérégovoy, the finance minister, that he was prepared to give a "helping hand" to attempts to refloat the yard, so long as no state aid was expected.

Lexmar was yesterday preparing a rescue package, with local investors, to offer to the departmental authority. Previously, the government had resisted rescue attempts on the grounds that the yard could never become competitive.

Any rescue attempt would have to get agreement from the European Commission, which allowed the French government to pay out FFr2bn (£206m) of redundancy aid on condition that the yard was taken out of production. But French officials say the restriction was only for five years, until March 1993.

Russia and Ukraine clash over arms

By Chrystia Freeland and John Lloyd in Kiev

THE summit meeting of the heads of the Commonwealth of Independent States in Kiev yesterday saw a further escalation of tension between the organisation's two pivotal members, Russia and Ukraine.

Ukrainian leaders, the hosts to the conference, accused Russia of putting the republic under attack and refusing to sign any military agreements, even those covering strategic nuclear weapons.

Mr Leonid Kravchuk, clearly with Russia in mind, said that "there is a planned long-term attack on our republic which only desires independence". He confirmed that Ukraine had ceased to send back its tactical nuclear missiles to Russia – about half have so far gone – and said that no more would be sent until guarantees had been given that these would be destroyed under international supervision.

General Konstantin Morozov, the Ukrainian defence minister, said Ukraine had taken no part in any of the military agreements signed by those members of the CIS who had agreed last month to be part of a united Commonwealth military command.

Ukraine, with Azerbaijan and Moldova, have said they will now create their own armies – but have agreed to remain within a united strategic command until the strategic nuclear missiles are returned to Russia within the next two years.

Western military and diplomatic observers said Mr Kravchuk, whose statement last week that he would not return the tactical missiles had caused alarm in the west, had with this declaration appeared again to have scored a tactical victory over Russia.

A demand for the destruction of tactical weapons under international supervision would be likely to strike a sympathetic chord in Nato and other countries alarmed by possible proliferation of nuclear states – provided that the destruction process was carried out in Russia, where there are facilities for dismantling nuclear weapons. International supervision is already exercised over the destruction of strategic nuclear missiles agreed to be cut under the Start treaty.

The one positive agreement yesterday appeared to be a resolution to create a CIS peacekeeping force to police the burgeoning national and other conflicts within the Commonwealth – notably the fighting in and around the Armenian enclave of Nagorno Karabakh in Azerbaijan, and in the Trans Dnestr region in Moldova.

Mr Seitkazy Mataev, spokesman for Mr Nursultan Nazarbayev, the president of Kazakhstan said that after an hour of "heated discussion" the Kazakh proposal for such a force had been agreed on the basis that it would operate in conflicts once a ceasefire had been called, and on the invitation of at least one of the sides. He added, however, that the force could not be used for military purposes.

Those members who did sign the military agreement nominated General Victor Samsonov as chief of staff of the Commonwealth forces with General Yuri Maximov as head of the strategic forces and General Vladimir Simeonov as head of the conventional forces – in each case these officers keeping the jobs they were already doing.

A Ukrainian proposal for the division of former Soviet property, including overseas assets and the assets and reserves of the former state bank Gosbank was brusquely turned down by Mr Boris Yeltsin, the Russian president.

About 33,000 St Petersburg students and a large number of pensioners will each get Rbs150 out of funds from the sale of EC food delivered to the city, writes Andrew Hill in Brussels. The European Commission said about Ecu80m (£57m) of nearly Ecu200m of food aid to St Petersburg and Moscow had been delivered.

Yeltsin in plea to breakaway Tatars

By Leyla Boulton in Moscow

PRESIDENT Boris Yeltsin yesterday appealed to Tatars to vote "no" in a referendum on independence from the Russian Federation, saying the poll could unleash violence and threaten the course of reforms in Russia.

He warned viewers to remember that "every political mistake bears a concrete price".

It was time to draw the lessons of inter-ethnic strife over the last few years in the former Soviet Union, he said on television on the eve of the poll in the autonomous republic west of Moscow. He said a vote for independence would set Tatars and Russians within Tatarstan against one another.

The Russian parliament meanwhile resorted to "divide and rule" tactics to try to tackle rebellion from another semi-independent enclave which is threatening to break away.Meeting in closed session, it approved a resolution splitting up Chechen-Ingushetia, another former autonomous republic whose leaders want independence.

The move is likely to provoke a fierce reaction from Chechen-Ingushetia's President Jokhar Dudayev, who has renamed the republic Chechnya to assert the domination of the Chechen nation.

Tatarstan meanwhile pressed ahead with its referendum, defying a resolution by the Russian parliament that Tatarstan make the poll comply with the Russian constitution.

The expected pro-independence vote could encourage others among the 20 autonomous republics to rebel.

Yugoslav foes become brothers in arms sales

By Laura Silber in Belgrade

THE Serb-controlled Yugoslav army and the republic of Croatia, until recently at each other's throats, have joined forces to produce weapons for export.

Serbian and Croatian media this week confirmed that Djuro Djakovic, a weapons factory in Croatia, will honour a $300m two-year contract for the delivery of 200 M-84 tanks to Kuwait. The Yugoslav federal office which oversees arms sales said the outbreak of war had prevented Yugoslavia from fulfilling the contract, Borba, a Belgrade daily, reported yesterday.

Vjesnik, the Zagreb daily, said Croatia would receive $300,000 of the $1.5m price of each tank. The tanks are assembled in Djuro Djakovic, in Slavonski Brod town midway between the Croatian capital Zagreb and the Serbian capital Belgrade.

The newspaper said 1,000 factories from all the republics of the former Yugoslav federation contribute parts for the M-84s. Vjesnik cited "numerous problems" in deliveries from Bosnia-Hercegovina, where road blocks have become routine. It said Serbia "irregularly" delivers parts due to a government embargo and suspicions that the tanks may used by the Croat army rather than exported to Kuwait.

General Antun Tus, the chief of staff of the Croat forces, admitted it may "sound paradoxical that warring countries are in this joint business of production and export of weapons to a third country". But he insisted there was no danger because the tanks were entirely under Croatian control.

Mexico puts controversial dam on hold

By Damian Fraser in Mexico City

THE Mexican government has dropped plans to build a hydro-electric dam on the Rio Usumacinta, near the Guatemalan border.

The dam, which is opposed by environmentalists, would not be built during the administration of President Carlos Salinas, the federal commission for electricity said. However, the commission left open the possibility of the dam being constructed under the next administration, which begins on December 1 in 1994.

Environmentalists said the dam's construction might flood some of the nearby Mayan cities, and upset the delicate ecological balance in the Lacandona tropical rainforest.

Bush may be warming to Rio's Earth Summit

The US could change its mind and back plans for a global environmental charter, writes Nancy Dunne

THERE are signs that President George Bush may be ready to give way to international pressure to put his weight behind the Earth Summit in Rio de Janeiro in June.

Mr Bush has so far resisted appeals at home and abroad for the administration to sign up to an international charter at the summit to protect the global environment.

Alone among industrialised countries, the US has baulked at signing an agreement, a centrepiece of the Earth Summit, that would commit it to limit carbon dioxide emissions to 1990 levels by the year 2000.

The administration has been arguing there are so many unanswered questions about global warming that the US must proceed with caution.

But it may have little choice about changing its position. Legislation is being drawn up by the House of Representatives sub-committee on health and the environment that would mandate a curb in emissions to 1990 levels. The bill is likely to attract sufficient support for passage, particularly with an election looming.

After testifying this week before the sub-committee, Dr Daniel Lashof, a senior scientist at the Natural Resources Defence Council, said the administration now was "considering whether to change its position based on internal government analyses."

These analyses, including one by Mr Lashof and his colleagues, conclude that the US could meet the goals being pressed by the European Community and other allies by implementing some of the measures endorsed by the administration last month at the last round of climate treaty negotiations in New York in preparation for the June summit.

At the sub-committee hearing, Congressman Henry Waxman, its chairman, said on the basis of latest evidence from the Environmental Protection Agency, the National Academy of Science and others, the US could stabilise carbon dioxide emissions at 1990 levels "at little or no cost."

"The central questions that scientists are debating now concern how much warming and how quickly," said Mr Waxman. "But there is little question that warming will occur."

Scientists predict that the long-term effects of global warming include a dramatic decline in the world's agriculture productivity, increased spread of infectious disease, flooding of coastal areas and wetlands, inundation of drinking water supplies and devastation of many of the planet's natural ecosystems.

US and EC representatives are scheduled to take the issue up again in Paris on April 13. The last round of international negotiations are set to begin in New York on April 30.

While there is a vocal green lobby in the US, particularly among young voters, as an election issue it has been obscured by worries about the US economy. Recessionary pressures have lent greater weight to the argument of US business and industry that "ill-considered policy responses" could damage US competitiveness.

In testimony to Congress last Thursday, Mr Richard Briggs, vice-chairman of the Global Climate Coalition, warned that overall measures to sharply reduce greenhouse gas emissions could impose "massive costs" on the US economy – as much as $95bn a year, according to one study.

Mr Briggs contended that few of the "so-called commitments" by other countries to curb carbon dioxide are "meaningful" because they are not supported by binding obligations under the laws and regulations of those countries.

"Several industrialised countries have suggested that policies address only carbon dioxide, and thus ignore methane and other greenhouse gases," he said. "To focus solely on carbon dioxide emissions is to ignore up to half of the potential impact of greenhouse gas emissions."

The administration is under great pressure to abandon its opposition to the climate change treaty. All five current and former Democratic presidential candidates agreed to urge the president to attend the Rio summit and to demonstrate US leadership on global warming. The international community is worried that the summit will fall flat if Mr Bush is not there.

Mr Bush is hardly likely to go unless he intends to sign up for concrete action. But he will lose any hope of passing himself off as "the environmental president" unless he makes it to Rio in June.

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INTERNATIONAL NEWS

Li Peng tells party congress lid must be kept on political change and unrest

Chinese premier backs economic reform

By Yvonne Preston and Reuter in Beijing

CHINA'S prime minister, Li Peng, yesterday gave cautious backing to the economic reform strategy of Deng Xiaoping, the country's paramount leader, but warned that neither political change nor unrest would be tolerated.

At the opening session of China's rubber-stamp parliament, the National People's Congress, Li said: "We must do two types of work at the same time, attaching equal importance to both. We should promote reform and opening to the outside world and, at the same time, crack down on criminal activity of all kinds."

The annual assembly session comes after reformists, led by Deng, have taken the initiative in a fierce power struggle against hardline ideologues within the country's communist government. Li is known to favour a cautious style of central planning, while the reform lobby wants a more radical approach to economic development.

Deng's picture has been plastered across southern newspapers in the past week in a media barrage unprecedented since the days of Chairman Mao Zedong's personality cult in the mid-1960s. This could be a strategy to out-flank party hardliners in the north unhappy with the pro-reform push.

In his "government work report" to the 3,000 delegates, Li substantially reflected the new economic strategy pushed publicly by Deng in visits to southern China in January and February.

Repeating remarks made by Deng, Li said in carrying out reform "we should emancipate our minds, seek truth from facts and boldly explore new ways". The test of reform was whether it raised living standards and boosted productivity.

The report was half the usual length and relatively free from orthodox communist slogans.

However, the Chinese premier failed to repeat Deng's claim that the greatest danger came from the left not the right.

Reflecting fears of party hardliners about a breakdown of law and order and an end to their grip on power, he said: "We should not hesitate to take forceful action against criminal activities and to eliminate social evils."

Li said: "We must be on the watch for any ideological trend towards bourgeois liberalism, checking it the moment it appears and never allowing it to run rampant."

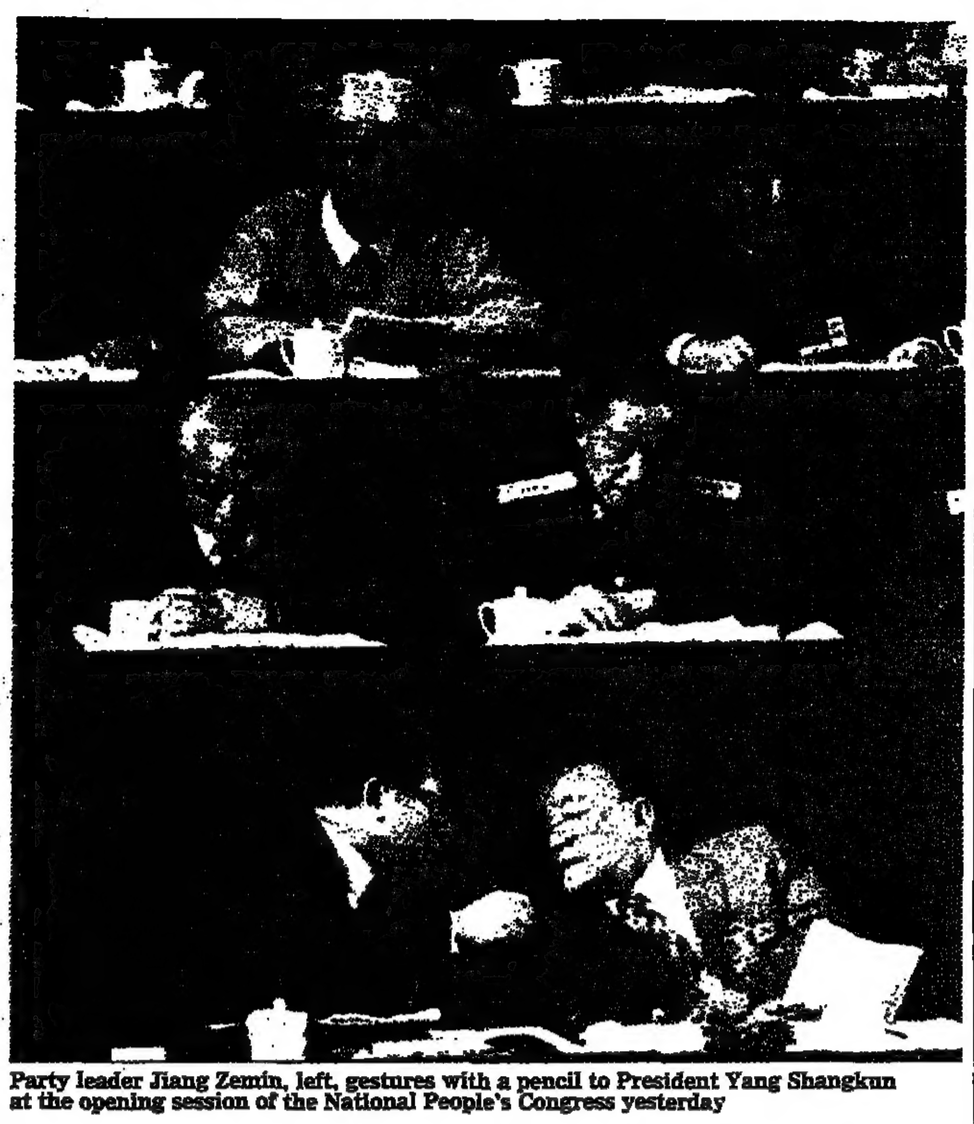
The work report declared a formal end to the austerity programme initiated after the rampant inflation and economic overheating of 1988.

Because "rectification" had only just ended, Li said the economic growth target has been set at only 6 per cent over last year's figure, with inflation to be kept under 6 per cent. He said China suffered from a growing budget deficit, over-expanded credit, inflationary tendencies and loss-making state enterprises.

The premier pledged to make state enterprises more responsive to the market, but he stopped short of recommending large scale privatisation or bankruptcies.

The controversial Three Gorges hydro-electric dam project should be included in the 10-year plan that runs until the end of this century, Li said. The 57bn yuan (£6bn) project was technologically feasible and economically rational and should be built.

For the first time, the report referred to human rights. China acknowledges human rights as a proper subject for international discussion but opposes the use of human rights as a pretext for interfering in other countries' internal affairs, Li said.



Party leader Jiang Zemin, left, gestures with a pencil to President Yang Shangkun at the opening session of the National People's Congress yesterday

Gadaffi 'ready to hand Lockerbie suspects to UN'

By Mark Nicholson, Middle East Correspondent

LIBYA was reported yesterday to be ready "in principle" to hand over to the United Nations secretary-general two men accused by Britain and the US of having masterminded the bombing of a Pan Am aircraft over Lockerbie.

The report surfaced as Libya's North African neighbours, headed by Egypt, Morocco and Tunisia, engaged in a flurry of meetings aimed at heading off Security Council moves to impose sanctions against Libya, including an arms and civil aviation embargo.

In Tunis, an unidentified North African diplomat was quoted as saying that "Arab states are intensively working on such a solution and Libya has agreed in principle to surrender them to the UN secretary-general".

However, British and US officials were sceptical last night, suggesting that Libya might be seeking to win time before an eventual vote on a proposed Security Council resolution calling for sanctions – expected early next week.

Britain and the US have demanded, backed by UN resolution 731, that Libya hand over the two men – Mr Abdul Basit Ali Magrahi and Mr Lamin Khalifa Fahima – for trial in the US or Scotland. France has also demanded that Libya surrender four men suspected of bombing a UTA flight over Niger in 1989.

US officials said Libya's unconditional surrender of the two men would suffice to forestall a vote on the resolution.

Nevertheless, other western officials said the move might ease but not remove the pressure on Libya, since Tripoli, under the terms of resolution 731, would still be expected to hand over the men accused of playing a part in the UTA bombing and disassociate itself from all acts of terrorism.

Colonel Muammer Gadaffi's regime has wriggled uncomfortably under the pressure from the US, Britain and France. It has proposed a string solutions short of western demands while stockpiling vital goods and shifting billions of dollars of overseas assets in case of sanctions.

Discomfort among Libya's neighbours that Col Gadaffi's regime might be fatally destabilised by external pressure has prompted a concerted attempt to broker a solution, led by Egypt.

In its scramble to find a solution, Libya yesterday despatched a senior envoy to Riyadh to meet Prince Saud al-Faisal, the Saudi foreign minister, while Major Khoueldi Hamidi, a senior Libyan defence official held two sessions of talks with King Hassan of Morocco on Thursday.

Israeli poll puts Labour in front

By Hugh Carnegy in Jerusalem

ONE OF the first national opinion polls conducted since an Israeli general election was called for June 23 has put the opposition Labour party ahead of the governing Likud party of Prime Minister Yitzhak Shamir. But the Likud and the parties it was in coalition with until recently would still together command a parliamentary majority.

The telephone survey, conducted by the Dahaf institute in Tel Aviv for a daily newspaper, gave Labour, under its new leader, Mr Yitzhak Rabin, 41 seats in the 120-seat Knesset, with Likud slipping to 37.

Labour's "natural allies" among small leftist and Arab parties, to which it would turn for support in a coalition, shared 17 seats, while right-wing and religious parties which tend to support Likud shared 25. In theory, this would allow Mr Shamir to reconstruct his old coalition with a parliamentary majority of two.

Although the poll confirmed anecdotal evidence that Labour is profiting from harsh economic conditions and the government's disputes with the US, analysts warn that much can change between now and June.

● Israeli soldiers shot dead a Palestinian and imposed curfews yesterday in the worst unrest to sweep the occupied West Bank and Gaza Strip this year, Reuter reports.

Youths stoned troops and paramilitary police and set up roadblocks of burning tyres.

The army put the West Bank towns of Ramallah and Hebron under curfew and sealed off the entire Gaza Strip, home to 750,000 Palestinians.

Soldiers killed a 19-year-old youth from Silwad village in clashes in Ramallah. Military sources said he had thrown a firebomb at an army jeep. A 20-year-old Palestinian also died yesterday after being shot by security forces in the town of Jenin three days ago.

The clashes marked an upsurge in the four-year-old Palestinian revolt, which had been virtually dormant since the Middle East peace talks got under way in Madrid last October.

Kenya bans political rallies

By Michael Holman in Nairobi

THE KENYAN government yesterday banned political rallies in an effort to curb tribal fighting, which has killed more than 70 people this year.

The ban, a serious setback to Kenya's transition to a multi-party democracy, will alarm aid donors.

A donors' conference in Paris last November linked aid to economic reform and civil rights.

Clashes between President Daniel arap Moi's Kalenjin clan, and Luo and Luhya tribes, have been condemned by the Forum for the Restoration of Democracy (Ford), the main opposition party.

Ford officials believe that the fighting has been encouraged by the government, seeking a pretext to delay an election.

FIS vows to fight

Algeria's banned Islamic Salvation Front (FIS) yesterday vowed to go on fighting the country's leaders until they hold a general election, writes Francis Ghilès.

A communique issued after a clandestine meeting of FIS leaders still at liberty – nearly 7,000 leaders and sympathisers are held in detention centres in the Sahara Desert – said the FIS was engaged in a battle "of an oppressed people, deprived of the right to decide their future. It is a combat against a handful of despots."

Banda's foes gather

More than 60 members of Malawi's exiled opposition met in Lusaka yesterday to form a unified front to push for democracy in their homeland, AP reports from Lusaka.

It was the first time so many opponents of President Hastings Kamuzu Banda had gathered to plan a strategy against the authoritarian ruler.

'Race war' boast

Right-wing extremist Eugene Terre Blanche said yesterday his private army was preparing for race war following the "Yes" victory in South Africa's reform referendum, Reuter reports from Johannesburg.

Mickey makes the long march back to China

By Simon Davies in Hong Kong

MICKEY MOUSE is to return to China after a two-year absence – courtesy of the recently negotiated bilateral agreement with the US over intellectual property rights.

Disney products had a run of success in China before 1989, the year the authorities cracked down on dissidents in Beijing's Tiananmen Square. A television show used to attract 300m viewers a week, according to Mr John Feenie, executive vice president for Disney Consumer Products, Asia Pacific.

But the company decided to pull out when it felt that counterfeiting of Disney products had become endemic.

Now, with the Chinese economy booming and a certain amount of protection from "piracy", Disney has issued a product franchise to a Hong Kong company that will unleash Mickey and friends on what is expected to be a highly receptive market.

Mr Feenie said Disney's theme park division was watching developments in China but there was no immediate plan to bring Disneyland into the Communist country.

He said Disney products would be sold initially through 20 exclusive Disney sales counters in five mainland cities, with the start-up planned for children's day, June 1.

This will coincide with the launch of a Disney magazine, and Disney television should return to Chinese screens before the end of the year.

End to discounting causes inflation to stick at 4.1%

UK inflation rate

Category (weight)	Annual % change
Leisure goods (48)	3.6%
Fares & other travel costs (20)	7.0%
Motoring (141)	9.9%
Personal goods & services (38)	8.4%
Clothing (63)	1.7%
Household services (45)	7.7%
Household goods (70)	5.8%
Leisure services (30)	11.3%
Food (151)	3.8%
Catering (47)	9.0%
Alcoholic drink (77)	10.5%
Tobacco (32)	16.2%
Housing (192)	-8.7%
Fuel & lighting (46)	5.1%

Figures in brackets are weights in retail prices index in parts of 1,000

Percentages represent annual % change to February 1992

INFLATION stayed stubbornly unchanged at 4.1 per cent in February, disappointing government hopes that it would drop to 4 per cent, Emma Tucker writes.

However, an increase in the German inflation rate to 4.3 per cent in February means that Britain's annual inflation rate fell below Germany's for the first time since September 1967.

The end of heavy discounting in the January sales caused prices in certain groups of the retail prices index to bounce back last month, and that left the annual rate unchanged.

Figures from the Central Statistical Office showed that the index rose from 135.6 in January to 136.3 in February, based on a weighting of 100 in January 1987. This represented a rise of 0.5 per cent.

In spite of the month-on-month increase, the UK inflation rate remained below the EC average of 4.6 per cent in January, and below the 4.3 per cent average of ERM countries.

After a sharp drop in clothing and footwear prices in January because of heavy discounting in the sales, the rate of inflation for this component of the RPI rose 1.3 per cent in February after a fall of 5.1 per cent in January.

Higher petrol prices boosted the motoring expenditure component 0.7 per cent on the month, although it was also affected by some increases in second-hand car prices and spare parts. The higher petrol prices, against a drop in prices a year ago, contributed to keeping the underlying rate of inflation, which excludes mortgage payments, stable at 5.6 per cent.

Leisure-services prices stuck at an annual rate of 11.3 per cent, unchanged on the previous month. The month-on-month increase was 0.1 per cent. Higher prices of some toys, newspapers and gardening products led to a 0.5 per cent increase in leisure goods on the month.

Food prices rose 0.5 per cent last month, but there was a sharp drop in seasonal food price inflation, reflecting the mild winter. The rate of seasonal food price inflation dropped to 0.1 per cent in February from 3.3 per cent in January.

Non-seasonal food rose 0.5 per cent on the month, reflecting higher prices for soft drinks, bread, cheese, bacon, and some other meats.

A monthly increase of 0.9 per cent in household-goods prices reflected some recovery from January's record price reductions. There was no change in the cost of household services.

While the year-on-year rate of increase in the RPI could come down to below 4 per cent in March as the recent reduction in mortgage interest rates takes effect, April could be a different story. The increases announced in the Budget earlier this month in excise duty on alcohol, tobacco, petrol and car road tax could combine to push the index up.

Banks rebuff card protests

BANKS yesterday rounded on retailers for complaining about increased charges for processing credit-card payments, David Barchard writes. They challenged the retailers to stop taking credit cards if they were dissatisfied with the terms on offer.

The Credit Card Research Group, a lobby group set up by the banks, said retailers' complaints were unreasonable. It claimed that they had come after three years in which charges had fallen by a third, saving £200m.

"They [the retailers] have squeezed the card companies so hard that they are now losing significant amounts of money on processing card transactions for the retailer," said Ms Elizabeth Phillips, director of the group.

"Retailers have the option of refusing to take cards," she added. "But they should think carefully before doing so. There are many advantages to the retailer in taking cards."

Mr Mike Wilsey, assistant director at the British Retail Consortium, which represents store groups, responded: "Retailers have spent heavily on fitting out their checkouts for debit and credit cards on the understanding that debit-card transactions would be about the same as clearing cheques.

"Now they are being told that it is going to be much more expensive, and they are quite incensed."

Police probe missing pension assets

By Jimmy Burns

FRAUD detectives are trying to trace about £1m missing from the pension scheme of Peak Design, the collapsed Derbyshire furniture manufacture.

Derbyshire police said yesterday that the investigation had been launched after a complaint from the independent trustees of the scheme, Bradstock Trustee Services.

The Derbyshire fraud squad investigation centres on pension fund assets of between £900,000 and £1m which the trustees have been unable to trace. The detectives are trying to contact the company's chairman, Mr Ted Hunter.

Peak Design went into receivership on January 24. Halifax Property Services said yesterday that before then they had been asked by Mr Hunter to handle the sale of his home which is valued at £595,000. The home was vacated earlier this month.

Bradstock Trustee Services said that since March 2 they had taken control of assets worth just over £100,000, but that assets of "around £1m are missing".

Mr Tim Culverstone, a director of Bradstocks, said the records were not complete but about £980,000 appeared to be missing including:

- £50,000 purchases of shares in the company which were now worthless.
- £330,000 loan to the company plus interest which now seemed unlikely to be repaid.
- £300,000 loan to another pension scheme involving Mr Hunter.
- £300,000 spent buying property on the south coast from Weybridge Consultants, a company which was controlled by Mr Hunter.

Mr Culverstone said a company search by the solicitors Evershed Wells & Hind on behalf of the independent trustees revealed that the south coast properties had recently been transferred to Wynston Investments, registered in Gibraltar.

The address of the company, 28 Irish Town, Gibraltar, is that of a firm of lawyers, Triay & Triay.

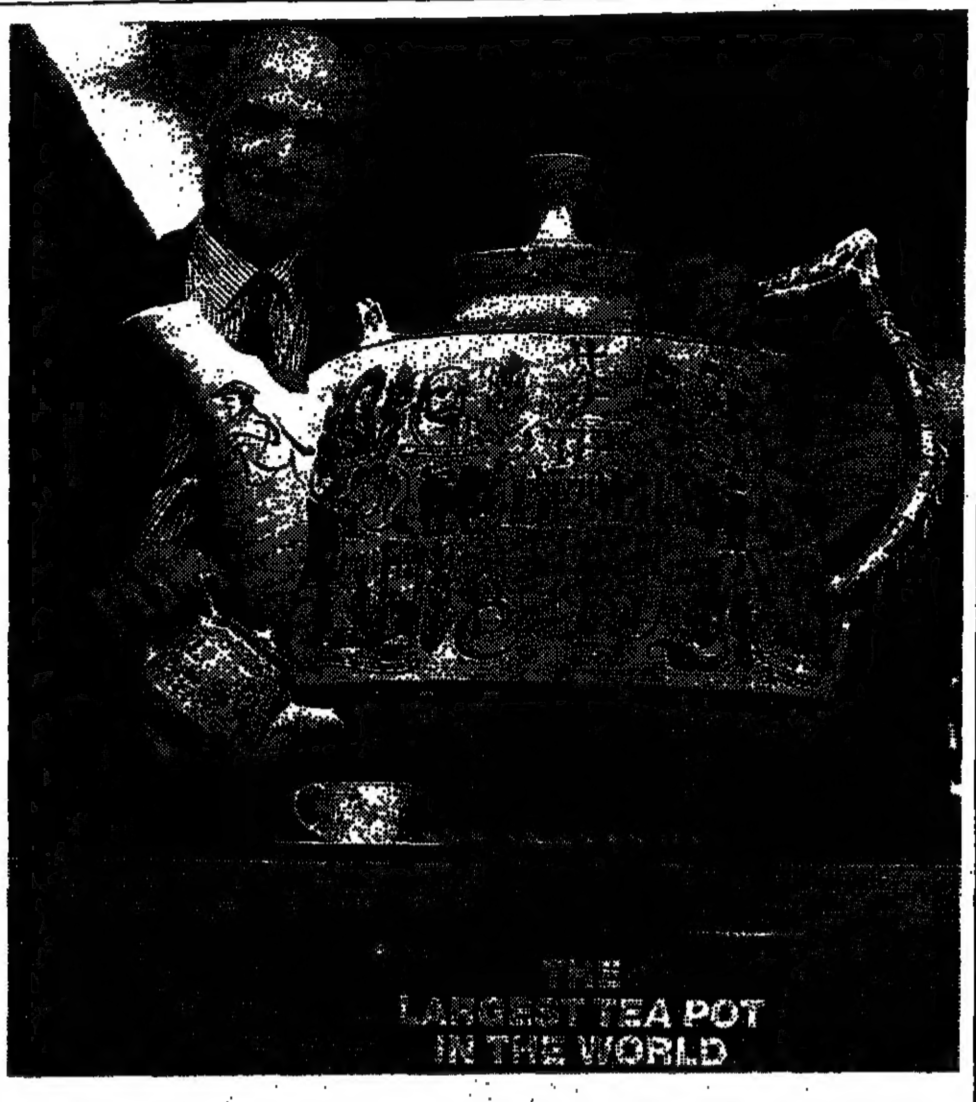
Mr Giles Orton of Evershed Wells & Hind said his firm was still investigating possible links between Mr Hunter and the Gibraltar company and "may have to sort out who owns the property."

Mr Culverstone said he was "very concerned" about the position of the 83 members of the pension scheme.

Peak Design closed its plant at Alfreton, Derbyshire, last month with the loss of 106 jobs.

Touche Ross, administrative receivers for the company, said last night that since the pension scheme had been terminated in April 1990 beneficiaries had been engaged in discussions with the company on what they claimed was money owing to them.

Touche Ross confirmed that Mr Hunter was one of two former trustees of the company.



One for the pot: "An Ace Caff with quite a nice museum attached" may be a crass advertisement for the Victoria and Albert Museum, but its just right for the Bramah Tea & Coffee Museum which opened this week near Tower Bridge, David Blackwell writes. Mr Edward Bramah, its founder, is seen here with part of his collection. *Photograph: Lydia van der Meer.*

NatWest switches lawyers in Arrow case

By John Mason

NATIONAL WESTMINSTER Bank has appointed new solicitors to act for it during the latest Department of Trade and Industry inquiry into the Blue Arrow affair, the bank disclosed yesterday.

The move was made because partners with Wilde Sapte, the law firm which has advised NatWest over Blue Arrow until now, are expecting to be called to give evidence to the inspectors.

Mr Malcolm Glover, a Wilde Sapte senior partner, yesterday confirmed he expected to be called to give evidence to the inspectors.

The new DTI inquiry is investigating the roles played in the scandal by the management of NatWest, rather than those in County NatWest, its investment banking subsidiary – the subject of the first inquiry.

Mr Glover and Wilde Sapte acted for NatWest throughout both the first inquiry and the recent trial, which ended in four advisers being convicted of conspiracy to defraud.

The court heard how the firm played a leading part in supplying documents to the first DTI inquiry. During the trial, defence lawyers found documents with handwritten additions by senior NatWest executives which had not been submitted to the inspectors.

The secretary to the first inquiry, Mr Simon Morris, told the court he was surprised that one document, on which Mr Tom Frost, the NatWest chief executive had written, had not been submitted to the inspectors.

NatWest will now be represented in the second inquiry by Allen & Overy.

The bank said: "NatWest and Wilde Sapte have agreed that as Wilde Sapte partners are expected to be giving evidence to the DTI inspectors, NatWest should be advised by another law firm not connected with this inquiry."

Nevertheless, lawyers from Wilde Sapte will continue to work with Allen & Overy to ensure full co-operation with the inquiry, the bank added.

No-strike deal in NHS

THE FIRST no-strike agreement in the National Health Service was signed yesterday between several unions and Homewood Trust, one of the first wave of new hospital and community services trusts.

The agreement with three unions, the Royal College of Nursing and British Medical Association introduces a joint commitment to binding pendulum arbitration in the event of a failure to agree. This is a system in which arbitrator accepts either side's final offer. The new deal also introduces procedures designed to exclude strike action.

Homewood employs 1,000 staff in mental health and handicapped services in north-west Surrey.

BCCI executive in court today

By Raymond Hughes, Law Courts Correspondent

THE first Bank of Credit and Commerce International executive to be charged in England with criminal offences will appear in court in London today.

Mr Imran Mohammed Ahmad Iman, former BCCI account manager, will appear at the City of London magistrates court charged with two offences of conspiracy involving $179.4m. The Serious Fraud Office said last night that Mr Iman, from Edgware, north London, had been arrested earlier yesterday.

The first charge alleges that between January 1 1986 and December 31 1990, Mr Iman conspired with Mr Agha Hasan Abedi, Mr Swaleh Naqvi and other members of BCCI's senior management to falsify the accounting records of BCCI (Overseas) by causing management fees and other charges totalling about $74.4m to be levied on certain loan accounts "when to (his) knowledge the borrowers of those loans had been held harmless for all such fees, interest and charges by the bank".

The second charge alleges that between November 30 1987 and September 28 1990, Mr Iman conspired with Mr Abedi, Mr Naqvi, Dr Ghaith R. Pharoan and others to conceal loan guarantees amounting to $105m, required by BCCI's auditors for audit purposes.

Mr Iman is the second man to be charged in England in connection with BCCI.

Last month Mr Mohammed Abdul Baqi, a former managing director of Attock Oil, an oil producing and trading group based in London, was charged with conspiracy. He is accused of conspiring with Mr Basheer Chowdry, BCCI's former UK regional general manager, and other members of the BCCI senior management to supply false information to BCCI auditors showing that Attock Oil owed BCCI more than $76m. Mr Baqi has been released on bail and is due back in court on May 16.

Case against woman dropped

THE CASE against a woman charged with her ex-husband in connection with a burglary at the solicitors of Mr Paddy Ashdown, Liberal Democrat leader, was dropped yesterday. Ms Maria Watson of Moulsecoomb, East Sussex, had been charged with handling goods stolen from Bates, Wells & Braithwaite in Smithfield, London.

At the same court her ex-husband, Mr Simon Berkowitz of Hove, West Sussex, was granted unconditional bail until April 16. He is charged with stealing documents and cash from the solicitors in January this year.

Barclays to implement 3% offer

By Michael Smith, Labour Correspondent

BARCLAYS BANK is to implement a pay deal for 70,000 employees averaging slightly more than 3 per cent – the lowest among the big four in recent years – in spite of union opposition.

The implementation of the increase on Monday signals a tougher line by the banks on pay and conditions.

The Barclays pay package will be implemented in spite of a ballot concluded yesterday by Bifu, the financial services union, which showed a majority of members in favour of industrial action.

Members of the Barclays Group Staff Union (BGSU) have voted against the pay offer and are being consulted by their leaders on whether they want to vote on industrial action.

In spite of the union votes, it is extremely unlikely that there will be industrial action at the bank.

Bifu is investigating the possibility of joint action with BGSU. Although it has not given the results of its ballot, it admits that the majority in favour was narrow and that the turnout was low.

Barclays' offer would raise salaries of its 70,000 non-managerial staff by between £230 and £535 a year, representing rises of between 4 per cent and 2.5 per cent.

Salaries would vary between £5,958 and £18,674 after the implementation of the settlement, which is payable from the beginning of February, the settlement date.

Mail sorting jobs to be cut

THE POST OFFICE confirmed yesterday that its Royal Mail subsidiary expected to shed about a third of the 45,000 jobs in letter-sorting over the next few years as a result of a £250m investment programme.

Machinery is being introduced which will be able to read handwritten post codes rather than just typed addresses as at present.

Virgin Atlantic starts libel case against BA

By Paul Betts, Aerospace Correspondent

THE LONG dogfight between Virgin Atlantic Airways and British Airways intensified yesterday with Virgin's decision to start a libel action in the London High Court against BA and its chairman, Lord King.

The libel action comes a week after Virgin announced it was taking legal action in the US against an alleged "dirty tricks" campaign by BA against its smaller UK rival.

Mr Richard Branson, Virgin chairman, said he was now starting legal proceedings in the UK because of BA's comments – in a newsletter, letters and a press release – on Virgin's allegations of "unacceptable business practices" by BA.

"The manner in which BA and Lord King have attacked both Virgin Atlantic and myself, by dismissing Virgin's claims as fabrications, leaves me no choice but to proceed this way," Mr Branson said.

Virgin said writs were in the process of being served.

Mr Branson has accused BA of attempting to undermine his airline through a smear campaign and by refusing to co-operate on engineering maintenance for his aircraft.

He warned that he would take legal action if he did not receive an apology from BA, assurances from the bigger carrier to halt its alleged "dirty tricks" campaign and the dismissal of Mr Brian Basham, a public relations consultant allegedly involved in the campaign.

BA has repeatedly rejected Mr Branson's charges and has vdescribed his decision to take legal action in the US as a publicity stunt.

Mr Branson said yesterday that he had done "everything I can" to avoid two British airlines ending up in court against each other.

BA's German deal, Page 12

UK NEWS

Trading curbed at two Lloyd's syndicates

By Richard Lapper

TWO syndicates at the Lloyd's of London insurance market have ceased to accept new business for the time being.

Syndicate 65, which has a capacity, or capital base, of £38m, and the smaller 604, with a capital base of £4m, are not accepting new business in the wake of Thursday's instruction by the Committee of Lloyd's to Chester syndicate 65 to stop trading.

Another agency, Hayter Brockbank, is leading efforts to find a new managing agency for both of the syndicates, and according to Mr George Stevens, a managing director, "is hopeful to get the syndicates trading again in the next few days."

Hayter Brockbank agreed an option to buy the Chester agency, one of the oldest at the insurance market, last year and has been involved in supporting the Chester management over the last five months.

But Hayter says that it is not interested in managing either syndicate on a long-term basis.

Mr Stevens says that although syndicate 65 has no particular problems, its information systems are different to those used by Hayter Brockbank's own syndicates.

The Chester agency's financial difficulties are understood to be one of the main reasons for the decision by Lloyd's, although Chester has also experienced difficulties in buying errors and omissions insurance – which covers the agency managers against the cost of any legal awards.

Premium rates for errors and omissions insurance – which is also insured at Lloyd's – have risen sharply in the wake of a large payout by errors-and-omissions underwriters after the £116m out-of-court settlement in the Outhwaite case last month.

In a separate development yesterday, Pulbrook Underwriting Management, a subsidiary of the Merrett Group, announced that it is to merge syndicates 731 and 1038.

The successor syndicate 1038 will have a capacity of about £25m.

Retailers face charges over fruit juice labels

By John Thornhill

THE Ministry of Agriculture is to prosecute 11 food companies for alleged misleading labelling of orange juices.

The companies, which include big grocery retailers such as J. Sainsbury, Tesco, Safeway and Asda, are alleged to have sold juices described as "unsweetened", which were found by the ministry last year to contain levels of corn syrup or beet sugar above the prescribed levels. Most of the companies have said they will contest the allegations.

At the time of the testing, Mr John Gummer, agriculture minister, said: "It should not be assumed from these test results that the retailers and traders of the various products tested were aware that the products offered were not consistent with the labelling."

The ministry said yesterday that the action was being taken under the provisions of the Trade Descriptions Act and the Food Safety Act, although it had previously stressed that there was no safety risk from adulteration.

In its survey last year, the ministry found that only five of the 21 brands it tested consisted of pure orange juice as was claimed on the packaging. Some of the juices tested contained "pulpwash", which is produced by repulping orange husks.

Leicester's challenge for a place at the honeypot

Paul Cheeseright on how the city is preparing its case for a share of government development funds

THE CITY of Leicester is racing for a place at a government honeypot called City Challenge Two. The city's council, community groups, charities, educational institutions and business leaders are talking about what will go into a 5,000-word document appealing for £37.5m, spread over five years, out of that pot.

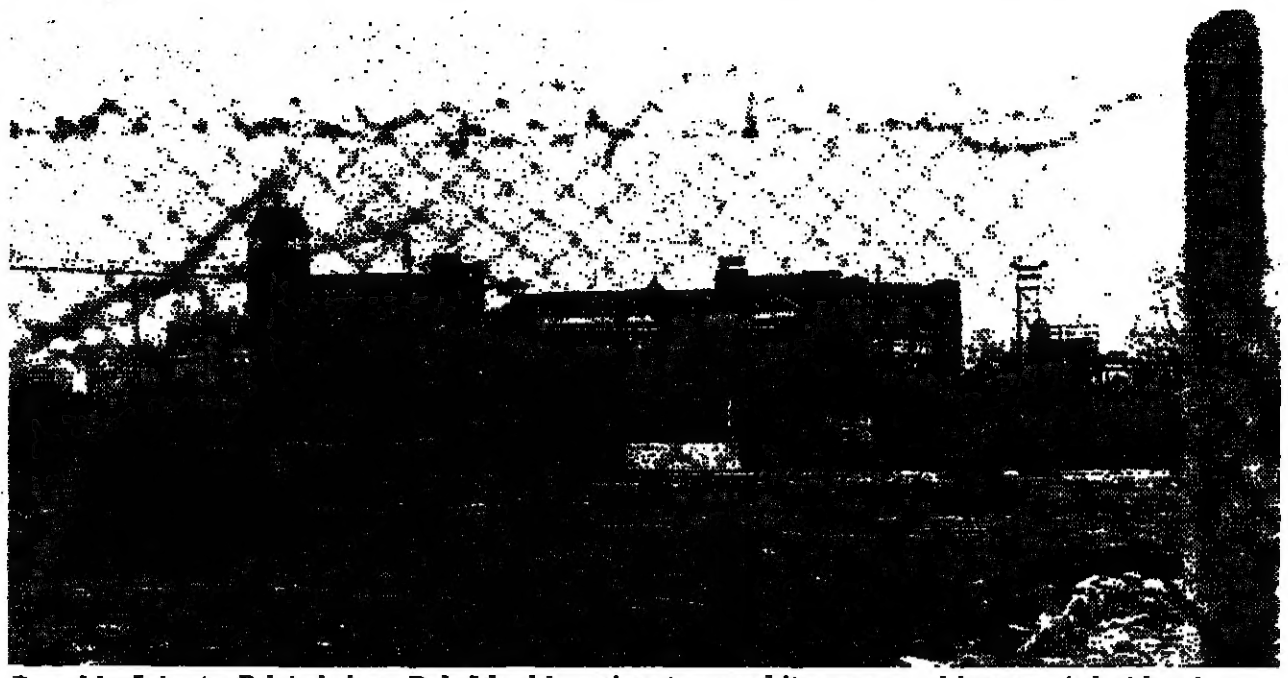
Leicester is one of a possible total of 57 competitors for Urban Programme funds from the Department of Environment programme to revive run-down areas. But only 20 can win.

Mr Michael Heseltine, environment secretary, has taken £150m a year out of his departmental budget for urban renewal and will make those funds available to the councils which can produce the best schemes concentrated on specified geographical areas and involving all sections of the local communities.

This is City Challenge, the first round of which took place last year on an experimental basis. It is the Conservative government's main innovation in urban policy.

In spite of reservations about the competitive nature of City Challenge, local authorities have responded energetically. What is happening in Leicester is being mirrored up and down the country.

Leicester City Council, in fact, was irritated that it had not been invited to take part in the first City Challenge. Shortly after his appointment as the council's chief executive, Mr Imtiaz Farookhi seized the opportunity of a visit last summer by Mr Heseltine for a quiet word. He won an informal undertaking that Leicester could compete in City Challenge Two. Work on the bid for funds started last August.



Fenced in: Leicester Polytechnic on Bede Island is anxious to expand its campus and improve student housing

There was little discussion about the area of the city to be the subject of the City Challenge bid. It was about 500 acres of inner Leicester based on Bede Island. Work on the area had already been done: plans for redevelopment had been discussed during the late 1980s with British Urban Developments, a consortium of contracting companies which is now defunct.

"It is not the most deprived area of the city, but in terms of matching problems and potential, it is likely to be the most effective [for City Challenge]," said Ms Sue Sanford, co-ordinator of the bid.

The area around Bede Island is a jumble. In the middle is Leicester Polytechnic, which is squeezed for space, and anxious to develop its campus and improve its student housing. Leicester University is on the eastern edge. There are three scrapyards with their attendant environmental problems. There is a canalised river running through it – "a potential tourist route but nobody stops on it," said Ms Sanford. Traffic is a continuing difficulty.

About 10,000 people live in the area. Unemployment has risen to around 15 per cent and of those who do have jobs, many are on low pay. There is a host of small employers. Ethnic minorities make up about 25 per cent of the local population, slightly below the city's average of 30 per cent.

Having defined the area, the next step was to set up an organisation which could draw up a development plan.

"We knew it had to be a partnership, so we made contact with the voluntary sector, the university, the poly, the heath authority and so on," Ms Sanford said. A steering group was established and had its first meeting last October.

"It has taken longer to get local employers on board," Ms Sanford said, largely because of the number of small employers.

The 40 voluntary groups active in the area formed their own consortium, and quickly produced a blueprint of the overall needs of the area.

The steering group was slimmed down to form a co-ordinating group made up of the city council's leader and chief executive, the leader of the county council and representatives from the Chamber of Commerce, the private sector and the voluntary groups, with others called in when needed.

By last November, the co-ordinating group was calling for proposals from the community.

From the 300 proposals which arrived, and from the comments which emerged at public meetings held in January and earlier this month, themes and concerns about Bede Island began to emerge. They included housing, traffic, the environment, better play and child-care facilities, more jobs and better training facilities, a higher level of health care and crime prevention.

Now the pressure is to decide what precisely goes into the 5,000 words which will outline the Leicester City Challenge proposal. The final document will have to list what it is hoped to achieve, by what means and at what cost.

There will be some large property projects, probably including, for example, new science parks close to the educational institutions and a new football ground for Leicester City.

There will also be many smaller projects in an attempt to answer the concerns already voiced in the community.

Time is running out. The final bid has to be at the Department of Environment by 5pm hours on April 22, shortly after the election.

But even if Leicester does not win a place at the honeypot, it will do the work at Bede Island anyway. It will just take longer.

Tories promise to end Treasury's pre-Budget 'purdah'

By Philip Stephens, Political Editor

AN END to the Treasury's secretive grip on all Budget decisions in favour of more open debate within the cabinet about taxation and spending is being promised by senior ministers if the Conservatives win the election.

Some members of the cabinet this week blamed the Treasury's insistence on pre-Budget "purdah" for the faltering start to the Conservatives' general election campaign. Colleagues said the significance of the planned reforms of the Budget system had not been widely appreciated. Mr Norman Lamont, the chancellor, has announced that from next year all decisions on government spending and taxation – which are now split between the Autumn Statement and the March Budget – would be presented in a single December Budget.

The reasoning behind the proposal is that the uniquely British tradition of separating decisions on government spending and revenue has obscured the choices to be made between spending increases and tax cuts. Mr Lamont said the process had intensified pressure for special reliefs and had contributed to an "excessively complicated" tax system.

Senior ministers outside the Treasury said that the chancellor and the prime minister appreciated that under the new system the cabinet and the House of Commons would gradually assume more prominent roles in tax decisions.

At present, the chancellor informs his cabinet colleagues of his decisions only on the morning of the Budget. Until then they are in the dark about revenue and borrowing projections and cannot make informed judgements on the chancellor's options.

The ministers said that because the planned change would sharpen the "trade-off" between tax and spending decisions, the Treasury would be far less able to conceal what it was doing. The lag between the announcement in December of the expanded Budget and its implementation in April after the passage of the finance bill means that MPs will have more opportunity to force changes.

Some cabinet members believe secrecy was a significant factor in a less-than-enthusiastic reception for the Budget on March 10. Mr Lamont's colleagues continued until the day of the announcement to fuel expectations of much larger tax increases because they were unaware of the sharp rise in borrowing.

ELECTION 1992

Gould unveils plans for 'fair rates'

By Andrew Adonis and Ivo Dawnay

LABOUR opened up a new campaign battleground yesterday when it turned its fire on the Conservatives' record on the poll tax.

Using the party's morning news conference to highlight the new 1992-93 tax rates, now being announced by local councils, Mr Neil Kinnock described the Tory party as "the poll tax party."

He went on to charge that Mr John Major, the prime minister, had claimed that he had been "bounced" into backing the tax while arguing as recently as last Wednesday that the principle behind it had been correct.

The Labour leader's attack was countered by Mr Michael Heseltine, the environment secretary, who said that Mr Kinnock's alternative "fair rates" plan conflicted with his claim in the 1980s that rates were the "most unjust of all taxes." Mr Heseltine added that residents in Labour boroughs paid on average £54 more than those living in Tory-controlled boroughs.

The clashes came as Mr Bryan Gould, Labour's environment spokesman, said that under the party's "fair rates" plans, unveiled yesterday, the tax bill for the average household in England would be £114 lower than under the government's proposed council tax.

On Labour's calculations, the council tax, due to replace the poll tax next year if the Conservatives are re-elected, would have resulted in a bill of £504 for the average property in England had it been in place for the 1992-93 financial year.

Mr David Blunkett, Labour's local government spokesman, argued that the £114 saving – taking the average bill to £390 – would come mainly from scrapping the single-person discounts payable under the Conservatives' plans.

He estimated a saving of £53 from ending the discounts, plus an extra £32 from savings in administering and collecting Labour's less complex tax.

The other £29 would come from discarding the government's proposed transitional relief scheme for those losing heavily from the change of tax.

"Poor widows will look on with amazement as single millionaires receive most help under the Conservatives' proposed discounts," said Mr Blunkett.

"Fair rates" is a simpler tax than the council tax, so some savings are likely. It requires no system either for banding or for discounts. But the savings claimed by Labour depend on three assumptions: that the council tax will require a register, that Labour would introduce "fair rates" without transitional relief, and that there would be no discounts for at least the poorer single-person households.

Mr Heseltine has denied that the discounts would require a register. It is also unlikely that Labour would introduce rates with no transitional relief or rebates for single-person households. The real saving might, therefore, be considerably less than £114.

However, Labour claims that its rebate system would be more generous for the same cost as the government's.

LABOUR'S PROPOSALS FOR NEW RATING SCHEME
Calculations based on two-adult household

LEADING GAINERS COMPARED TO COUNCIL TAX	Labour proposal (£)	Saving from council tax (£)	Saving from poll tax (£)
City of London	211	2,157	149
Kensington/Chelsea	302	685	156
Hammersmith/Fulham	407	648	93
Leicester	326	618	376
Greenwich	355	585	62
LEADING LOSERS COMPARED TO COUNCIL TAX			
Rochester	287	(252)	(92)
Broadland	415	(128)	104
Castle Point	513	(108)	33
Huntingdonshire	377	(95)	49
Chelmsford	488	(80)	38

LEADING GAINERS COMPARED TO POLL TAX	Labour proposal (£)	Saving from poll tax (£)	Saving from council tax (£)
Liverpool	343	457	215
Blackburn	358	405	446
Lambeth	440	403	527
Tameside	306	386	113
Rochdale	300	378	217
LOSERS COMPARED TO POLL TAX			
Wandsworth	255	(255)	68
Westminster	205	(133)	316
Rochester	287	(92)	(252)

Source: Labour party

Warning on Scots EC membership

By Bethan Hutton

MEMBERSHIP of the European Community would not be automatic or easy for an independent Scotland, Douglas Hurd, the foreign secretary, warned yesterday while campaigning in Edinburgh.

"Scotland could not slide out of the United Kingdom on Monday and sidle into the Community as the thirteenth member state on Tuesday," he said. "The lawyers would have a series of field days. There could be many months or years of dispute and uncertainty."

Many European countries could put obstacles in Scotland's path as they would be reluctant to set a precedent for their own potential breakaway regions, he said.

Destroying the union would be "an act of unparalleled vandalism", said Mr Hurd. He also attacked Labour's plans for devolution while retaining the level of Scottish representation at Westminster as "overwhelmingly self-serving".

Mr Hurd lunched at Scottish Life assurance, one of the Scots life business that has expressed fears over independence for Scotland.

At the Eric Liddell Centre, Mr Hurd's polite interest in babies did not sway a group of mothers. "I'm voting SNP," said one after he left.

Embarrassment at leaked letter

By James Buxton, Scottish Correspondent

THE TORY campaign in Scotland suffered intense embarrassment yesterday when Labour produced what appeared to be a letter from Mr Ian Lang, the Scottish secretary, to Mr John Major in which he spoke of using the Scottish National party to split the Labour vote.

The letter, written on Scottish Office paper on March 3, also revealed disagreement between Mr Lang and Mr Major over election tactics. The key passage reads: "It is almost as important to us to keep the SNP at bay as it is to use them to split the socialist vote."

Mr Donald Dewar, flourishing the letter at a press conference in Glasgow, said it showed that although Mr Lang had always claimed that preserving the union was his overriding aim, he was prepared to gamble its future "in a desperate attempt to contrive his political survival".

Mr Lang refused to comment on the letter, in which he argued for the publication of a Scottish Office booklet. The booklet sets out more authoritatively than before how much money Scotland receives from Westminster and how much it contributes in tax.

It demonstrated that Scotland received substantially higher expenditure per head than other parts of Britain, and suggested that revenue raised in Scotland was about £4bn less than the £22bn spent.

In the letter Mr Lang told Mr Major that he was "disappointed" that the prime minister and Mr Norman Lamont, the chancellor, had reservations about publishing the booklet. "We are engaged in a complex exercise to outflank three other parties. This initiative could score against all of them."

He said it would be difficult for Labour to discredit the booklet because it needed the arguments to attack the SNP. The booklet would also help refute the SNP's budget proposals.

Mr Lang ends: "So with apologies for persisting on this occasion, I would ask you to reconsider publication while there is still time".

The booklet was published on March 9 at only a few hours notice and achieved much prominence in the Scottish media.

● The SNP yesterday attacked Labour's devolution plans, describing them as a "suicide note".

Mr Jim Sillars, deputy leader of the SNP, called on Labour to publish its draft devolution bill so that Scots would know what they were voting for. He claimed that under Labour's plans, 96 per cent of Scotland's wealth would still be controlled by Westminster.

One man with a mission to win

Ivo Dawnay says shadow chancellor John Smith is crucial to Labour

IT WAS the moment when Labour's 1992 campaign revved its engines at the start of the electoral runway and prepared for take off.

Everyone in that crowded Westminster lecture hall on Monday knew that a single overlooked technical glitch in the shadow Budget could start the party off with a potentially fatal belly-flop. Yet, under the scrutiny of the sceptics, Mr John Smith's bird flew.

Seldom, if ever, can an election campaign have depended so much on a single event or the personality of a single individual. Yet with the economy, tax and spending at the very core of the election, the shadow chancellor has already proved an asset at least as crucial to Labour as Mr John Major is said to be for the Tories.

This is not to say his Budget is flawless. Economists have criticised the wisdom of its tax bands, its impact on the not-so-rich and a number of evasions in the fine print.

But the very fact that yesterday – five days after it was unveiled – the Conservatives were promising to dedicate all their firepower, "day after day, on and on and on" as one campaigner put it, to discrediting its prescriptions is a weighty tribute to its political acuity.

Alongside his frontbench colleagues, Mr Smith is a howitzer among airguns. His stocky physique and owl-like features exude a confidence and power that lend much-needed *gravitas* and morale to the entire Labour team. He is comfortable with himself and appears wholly undaunted by the prospect of taking on a post that has defeated so many.

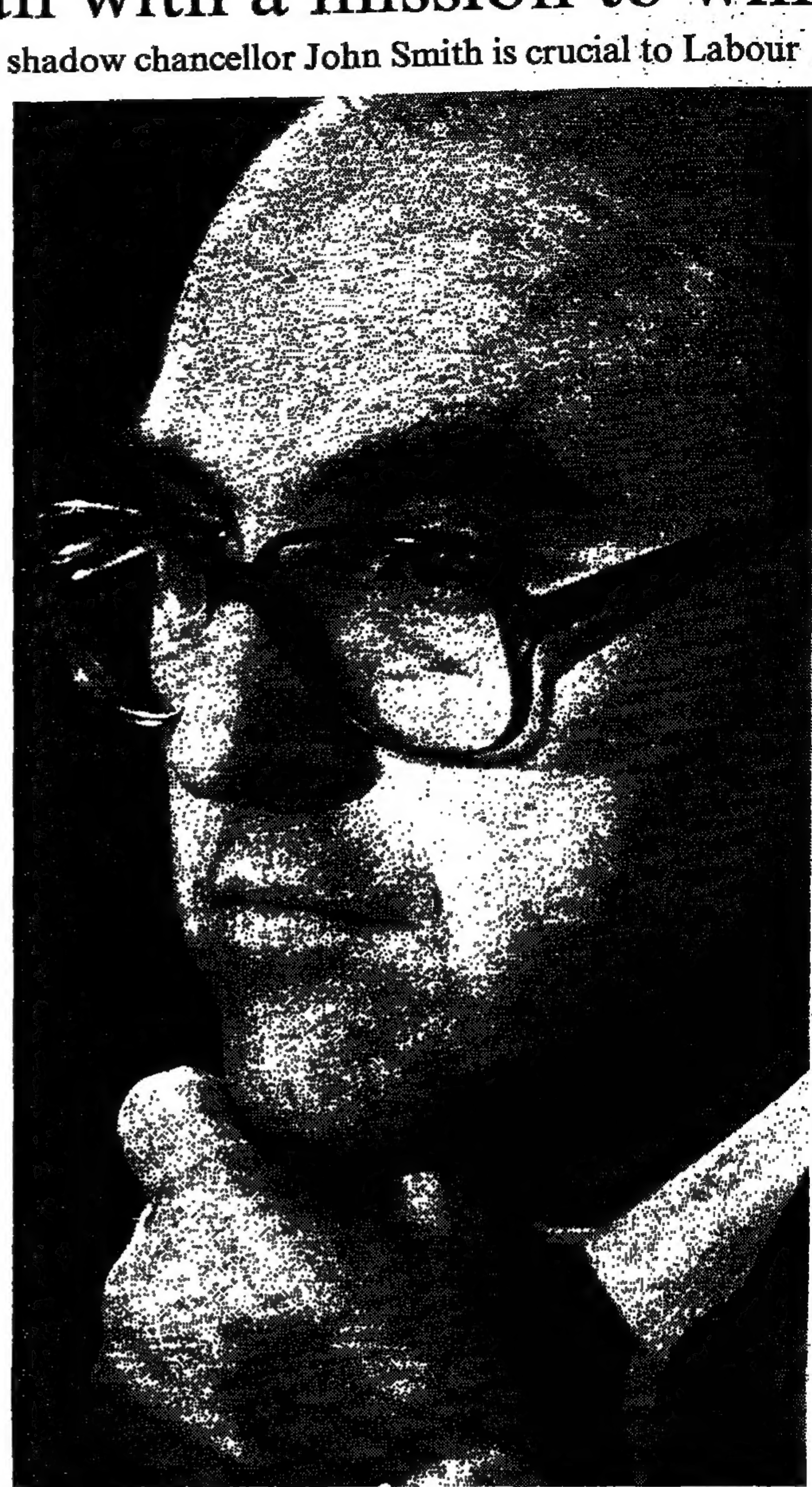
Much has been written about the shadow chancellor's reassuring Scottish burr and bank-manager demeanour. But his public image is now a critical component in the campaign. No other member of Labour's shadow cabinet could have delivered a shadow Budget that added to, not detracted from, Labour's credibility.

If Mr Neil Kinnock pledges that Labour will not devalue the pound, he is largely ignored. If Mr Smith does so, he is at least given a serious hearing.

When Mr Norman Lamont says Labour will put up taxes, interest rates and inflation, and Tory posters argue "You can't trust Labour", a camera shot of Mr Smith's contemptuous disapproval is the Opposition's most effective reply.

The FT-Mori poll of businessmen's attitudes this week showed that clear majorities believed a Labour government would raise interest rates, devalue the pound and put a brake on investment. Yet Mr Smith out-polled Mr Lamont by 46 points to 39 points as likely to make the better chancellor.

That conundrum is hard to explain. One merchant banker suggested yesterday that while some dislike Mr Smith's vocal championing of such redistributionist policies as a national minimum wage, there is a conviction in the City that he is, as Mrs Thatcher said of Mr Mikhail Gorbachev, "a man we can do business with". There is less confidence, however, in the company he keeps.



A lot on his hands: John Smith's confidence and power give Labour much-needed gravitas

The MP for Monklands East has had plenty of time to hone his act. He has been deployed, not just on the City's prawn cocktail circuit of boardroom lunches, but in Europe, Japan and the US.

This week his lawyer's debating skills were targetted at radio and television audiences. In his Panorama debate with Mr Lamont, he was widely credited with looking more convincing.

On party election broadcasts and throughout the campaign, he will be systematically used to promote Labour's image as a government-in-waiting.

If Mr Kinnock fails to cross the threshold of 10 Downing Street, there is no question that his shadow chancellor will run for and, barring unforeseen disaster, win the Labour leadership. Though an old-fashioned rightwinger, his genuine indignation at poverty and his lack of "side" has won him strong support even on the hard left. As Mr Ken Livingstone said earlier this year in the ultimate tribute to Mr Smith's political skill: "The thing about John is he has no real enemies."

Quotes of the day

I think the House of Lords ought to be abolished and I don't think the best way for me to abolish it is to go there myself
Michael Foot

Sometimes I seriously doubt his political allegiance
David Blunkett of his guide dog, Offa, who tried to lead him offstage

He's like a mechanical man speaking to an audience of well dressed waxworks
Denis Healey on John Major's rallies

Income tax cut to between 10p and 20p in the pound, VAT phased out, benefits for companies with a six-hour working day for employees, *transcendental meditation* at all levels of higher education, a disease-free society through preventive medicine and invincible defence through the creation of harmony in world *consciousness*
Highlights of the Natural Law Party manifesto

For a generation we Scots have been the girners [grumblers] and whingers of the United Kingdom, always complaining about what's being done to us. It's time now that we faced the responsibility that rests on *our shoulders*
Jim Sillars, deputy leader of the SNP

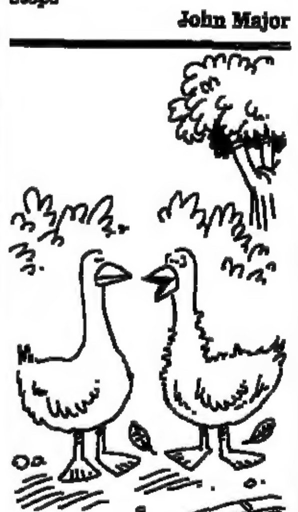
I like the man because he's been there and done it. He's seen life on the streets
Russell Martin, first time voter in the West Midlands giving his opinion of John Major

Mr Major will always be Mr Nice
Norman Tebbit

There is no credit in achieving lower inflation than Germany for one month when Britain is in the depths of recession and Germany has just reached the top of its boom
Alan Beith, Liberal Democrat Treasury spokesman

The Royal Navy will face massive cuts under the other two parties, that is clear
Tom King

Down below hard-style socialism has been brooding and bubbling. Now it is coming to the surface. Rent-a-mob in Bolton market, mug-the-middle incomes on the Treasury steps
John Major



"John Major just said 'boo' to me"

Ashdown in clash with Militant

By Ralph Atkins

MR PADDY Ashdown, the Liberal Democrat leader, continued the hectic pace he has set himself in the election, campaigning on his housing policy in inner-city Liverpool Broadgreen where he took on Militant extremists supporting Mr Terry Fields, who was expelled from the Labour party – and challenged Mr Kinnock to do the same.

Mr Ashdown who is thankful that his party has not been squeezed by Labour or the Tories in the first week of the campaign, said that bad housing was a cost of the government's anti-inflation strategy.

He said: "Anybody can bring inflation down by stopping the economy dead in its tracks."

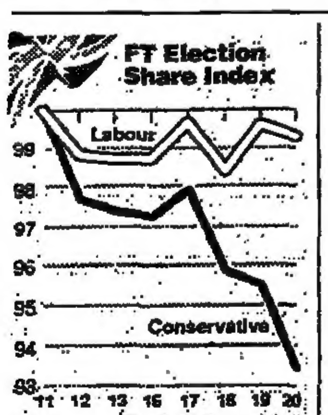
He called for an independent central bank and for sterling to be moved to the narrow band of the exchange rate mechanism to bear down on inflation while freeing councils capital receipts to kick-start the construction industry.

Later at his official adoption meeting in his Yeovil constituency, Mr Ashdown complained of the "arrogance" of the Labour and Tory parties "who have spent these last weeks and months of their campaign not debating about the future, but arguing about the past".

He stressed again his theme of the week – that only the Liberal Democrats offered hope because they are prepared to take tough measures to combat the recession.

"The Liberal Democrats are the only party in the election which has recognised the seriousness of Britain's current situation. There is a real danger that, under either of the two other parties, that situation could well become catastrophic," he said.

FT Election Share Index



● Labour win/Conservative defeat stocks.................99.26 - 0.37
● Conservative win/ Labour defeat stocks......93.42 - 2.12
● FTSE.......................97.37 - 0.45

SHARES that might gain from a Conservative win again dropped sharply yesterday, while Labour gainers dropped by less than the market as a whole.

Conservative gainers – the shares of companies that might suffer from Labour party policies – are now 6 percentage points below *their announcement-day level*. Some have dropped much more: BET, the conglomerate, has fallen by 18 per cent since March 11, and National Power, the recently-privatised generator, by 12 per cent.

Covering up the tracks of privatisation

Richard Tomkins on the background to the Tory's change of heart over British Rail

BRITISH RAIL'S branch line to the Cornish fishing village of St Ives is a poor advertisement for the Conservatives' record on the railways.

Granted, the 4¼ mile spur off the London-Penzance main line at St Erth scores highly on scenic merit as it rounds the bird sanctuary of Leland Saltings to reveal a panoramic view of St Ives Bay. But the train that runs on it is a museum piece. Comprising one rattling, rumbling, 35-year-old railcar, it is quaintly described in BR-speak as one of its "heritage" trains. In anybody else's language, it is clapped out.

The once-bustling station at St Ives has been razed to make way for a car park. There are no station staff, and the only shelter for passengers is a rude hut – a description taken all too literally by those who have adopted it as a public urinal.

These economies notwithstanding, the service loses money hand over fist. BR will not say how much, but acknowledges that Britain's rural branch lines rarely cover much more than a third of their costs. For the communities they serve the fear of closure is never far away.

It is against this background that the Conservatives have backed down on promises to privatise BR. Voters know that it is not just the branch lines that lose money: for all BR's economies and productivity improvements, only a handful of its busiest InterCity services turn in a profit. Talk of privatisation is indivisible from fears that the private sector would swiftly eliminate loss-makers.

Thus, after months of promising a white paper on BR's privatisation, the election has obliged the Conservatives to retrench. Significantly, the railways section of their manifesto published this week avoided any mention of the word privatisation. Instead, it offered the rather less threatening notion of franchising.

Under this scheme, the railways will remain in state ownership, but private sector operators will be allowed to run trains on BR tracks. They will also be invited to bid for franchises to take over the operation of existing BR services – or possibly groups of services, such as the old Great Western Railway routes out of London Paddington.

The Conservatives emphasise that the idea is to increase the use of the railways. Subsidies for loss-making services will continue to be provided where necessary and "arrangements to sustain the current national network of services will be maintained".

For the electorate, the promises may have come too late. Conversations with passengers on a railway journey through the West Country suggest that the privatisation of BR is an idea too closely associated with the Conservatives for them to be able to shrug it off three weeks from an election.

On the 10.21 from Exeter St David's to Penzance, Mr Derek Fisher, a self-employed photographer from Bristol, is as firmly convinced that the Conservatives will privatise the railways as he is that it will be a disaster. "There would be 50 per cent less railway lines than we've got now. All the branch lines would go, for a start, because people would start looking at them from a monetary point of view," he says.

Mr Don Nowell, a civil engineering inspector from London, says: "Something has got to be done about the railways . . . but for the Conservatives to hand them over to their friends for their personal gain is not the answer. I'm nearly 65 now, so I remember the old days of the railways before nationalisation, and I can tell that they were an absolute bloody shambles compared with what we've got now."

Sensitivities grow stronger as the train enters Cornwall. This far-flung part of the country feels forgotten and ignored by Westminster and Whitehall. With fishing and tin mining long supplanted by tourism as the area's most important industry, it sees good communications as crucial to its economy.

The branch line to St Ives is a case in point. Its existence at this time of year appears an absurdity. Yet in the summer the trains are packed with day trippers.

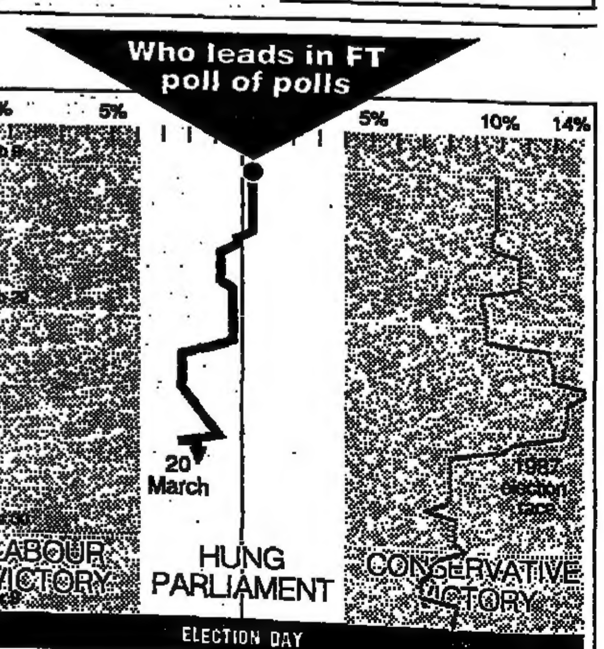
Mrs Betty Oldbury, a retired teacher, says the railway is a lifeline for St Ives – not just for tourists, but for local people. "After all, we haven't all got cars," she says. "People here are nervous about what the government will do next."

There is even greater anxiety over the Cornish main line. Passenger loadings on the InterCity trains through the county are light outside the summer season, and there is a strong suspicion that a profit-driven private sector operator would terminate trains at Plymouth, reducing the Cornish section to branch line status.

Feelings run high on this issue. To sever the main line would be like sawing Cornwall off and casting it adrift, say locals. Mr Peter Moore of Cornwall County Council's surveyor's department, says: "It would cause a riot."

Whether the fears are strong enough to influence an election is another matter. "Nothing that stopped the trains at Plymouth would get my vote," says Mr Martin Evans, a Truro solicitor. That may not be the uppermost factor in his mind on April 9: but with three vulnerable seats to defend in Cornwall, it is a risk the Conservatives could have done without.

Who leads in FT poll of polls



Last night's FT forecast	Latest opinion poll	Betting odds	Futures trading
Conservative [illegible] seats	[illegible]	4/5	303
Labour 307 seats	42%	4/5	305
Liberal Dem [illegible] seats	17%	200/1	25
	(NOP / Newsnight / Independent) Field date 17,18 March	Ladbrokes (for most seats)	Dealing on the number of seats (IG Index mid-prices)

* Weighted average of six most recent opinion polls computed daily. Does not include telephone polls and those that omit sample size or field dates. The graph compares the parties' leads at similar points in the last two campaigns. The middle line marks level-pegging. If the black line moves left, Labour leads. The Tories lead if it goes to the right.

UK NEWS

ELECTION 1992

Tories keep up tax attack on Labour

By Alison Smith and Andrew Jack

LABOUR'S tax proposals will continue to be the Conservative party's main target as the second week of the election campaign gets under way.

Mr John Major, the prime minister, made this clear in his adoption speech in his Huntingdon constituency last night, when he described Labour's *shadow Budget* as "the tip of a gigantic iceberg".

His attack came as the Conservatives prepared to publish *today* a new costing of Labour's manifesto promises. Previous Conservative estimates of Labour's programme – at £35bn and £37bn successively – have been ridiculed by Labour.

Yesterday, Conservative Central Office hit back at Labour's blueprint with a critique of the impact of the tax proposals in the shadow Budget.

The eight-page Tory document argues that those who gain under Labour's proposals will benefit by a small amount, while many middle-income families will lose. It says top rates of tax in other European countries affect only those on very high incomes.

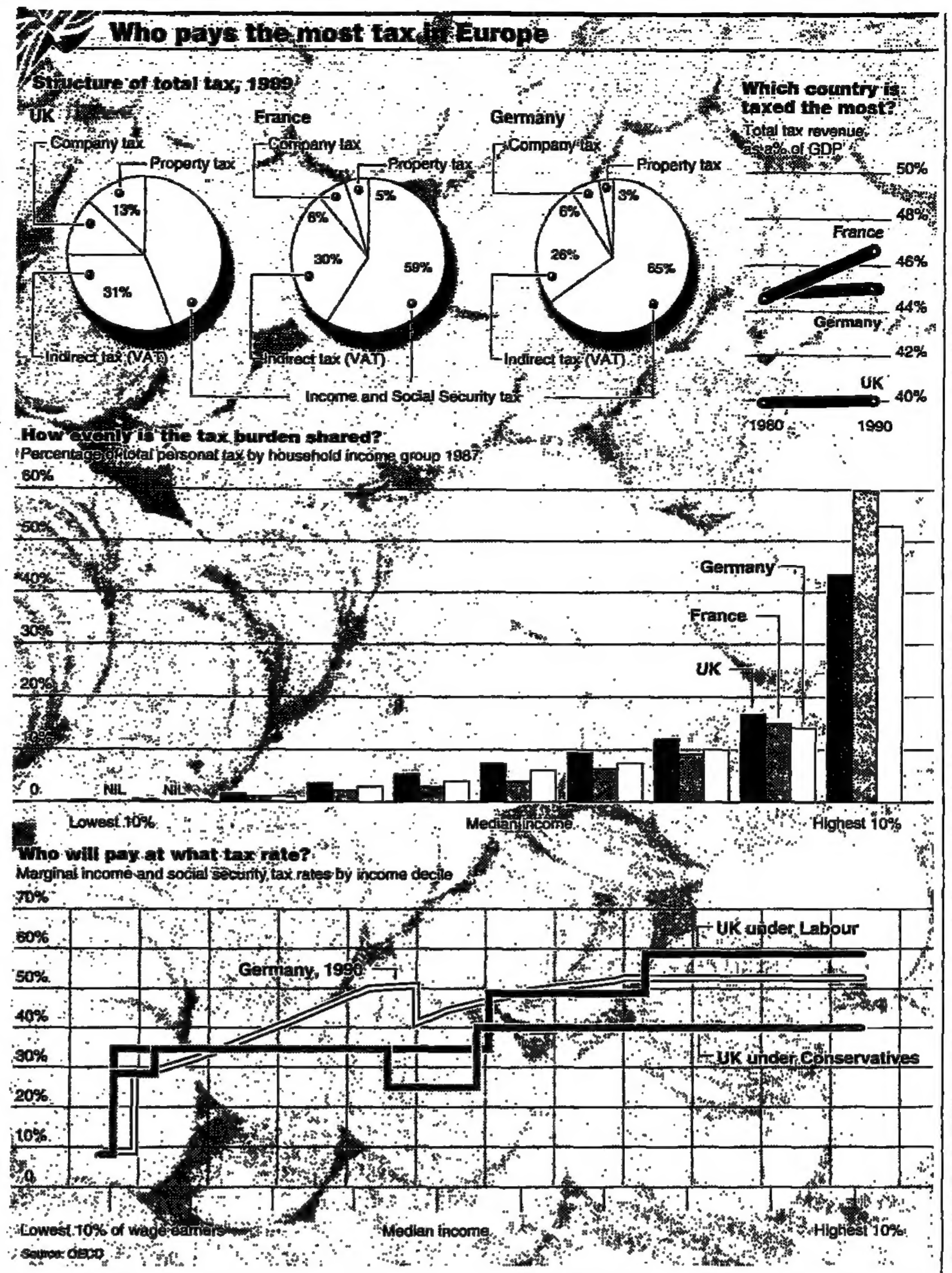
"Most of it is factual," said Mr Steve Webb from the Institute for Fiscal Studies, though he said the statistics in the document did not give the whole picture.

The Tories quote the institute as saying that families would on average be £1.56 a week worse off under Labour than under the Conservatives' Budget proposals. But Mr Webb says other institute calculations show that 48 per cent of families would be better off under the shadow Budget, while 17 per cent would gain under the chancellor's Budget.

The document ridicules the idea that Labour taxes would take from the rich, and suggests that many "ordinary middle-income families" will suffer.

It quotes from the government's April 1991 New Earnings Survey figures, which shows that the proportion of the population earning over £360 per week was 28.7 per cent in England as a whole, 38.4 per cent in the south-east and 45.1 per cent in Greater London.

But these figures are for full-time adult working males, and do not take women into account. The proportion of full-time working women earning over £360 a week in Greater London, for example, is only 19.9 per cent.



How proposals compare

By Edward Balls

EUROPE, a touchy subject for both main parties, has hardly been mentioned in the campaign – neither Labour nor the Tories has an interest in opening old internal wounds. But this has not prevented both sides from exploiting European comparisons.

On Thursday, Labour had made much of the UK's relative high unemployment rate – only Spain and Ireland have a higher rate. Yesterday was the Tories turn. Conservative Central Office retaliated with an attack on Labour's shadow Budget, claiming that it will raise the tax burden for upper income earners relative to the rest of Europe.

Making claims about differences in cross-country tax structures is easy; but actually producing the evidence to prove or disprove the claims is horribly difficult.

The complexities of the UK tax system are nothing when set the arcane French and Germany social security tax structures. Moreover, internationally comparable and up to date figures on incomes earned or taxes paid are hard to find.

Labour's tax plans, the Tories argue, will heap a heavy proportion of the tax burden on middle-class tax payers. The chart above compares the marginal tax rates, including national insurance contributions, that will face a single earner under Tory or Labour tax plans compared to marginal tax rates in Germany.

Marginal tax rates usually measure the amount of tax a single person pays on each extra pound, D-Mark or franc earned. This lower section of the chart shown alongside is unusual because it stretches and compresses this money income scale to show the marginal tax rate faced by the poorest 10 per cent of wage earners, the median group of wage earners and on up to the richest 10 per cent.

The top tax rate under Labour is higher than under the Tories or in Germany. But the striking feature is the relatively high marginal tax rates faced by lower and middle income German tax payers compared to those expected under either a Labour or Conservative government.

The remaining charts provide a historical perspective on the current debate. The UK, compared to France and Germany, has been relatively lightly taxed throughout the 1980s. Total UK tax burden as a percentage of GDP was 40 per cent in 1990, marginally higher than in 1980 – the Tories' first full year in office.

The UK has also traditionally raised less of its total tax incomes from personal income and social security taxes than in other European countries, instead taxing companies and property more heavily as the other charts show.

For much of the 1980s the personal income tax burden was more evenly shared in the UK than elsewhere in Europe. In 1987, the richest 10 per cent of UK households paid 43.4 per cent of total direct taxation comparted to 53 per cent in Germany and 60 per cent in France.

■ The Martins, the FT's family of floating voters introduced last Monday, have been unswayed by the first week's campaigning

Viewers left cold by heated polemic

THE FIRST week of the campaign has done nothing to clarify the issues and the Martins one way or the other. If anything, the question has been made more complicated by the heat of polemics and by the rush of contrary promises.

But the parties' portrayal of themselves and their personalities through television has been reaching Lyn and Tony and their son Russell, who is *voting for the first time.*

Paul Cheeseright pays his second visit to the Martins, a family in the west Midlands. When the campaign started, they had not decided who they would vote for

The Liberal Democrats' attempt to push Mr Ashdown forward as a civilising political influence clearly attracted Russell. "He's the thinking man's politician." And Mr Major has come across just as intended: the man who somehow understands. "I like the man because he's been there and done it. He's seen life on the streets," said Russell.

Yet they like Mr Kinnock more than previously. "Neil Kinnock has changed his image in the last few days", said Tony. "He got a bad press early on. He's mellowed his attitude."

"He's talking to you instead of at you," noted Lyn, with implied approval of Labour's pitch that the party is not just Neil, but Neil at the front of the team.

And because the Martins want to be talked to, to be reasoned with, they are getting pretty fed up with the hectoring of the campaign. "Some of the programmes that have been on the TV. Ridiculous," snorted Tony. "They're just slagging each other off."

"All one is concerned about is knocking the other one," added Lyn, with particular reference to the televised confrontation between Mr Roy Hattersley and Mr Michael Howard on Central TV last Monday, with Mr Tom McNally of the Liberal Democrats stuck in the middle.

Monday was also the day of *Labour's alternative Budget*. The Martins had been dismissive of Mr Lamont's real one and they were not much more complimentary about Mr *Smith's effort*. "Both parties are doing something about the taxes," Lyn acknowledged. But, comparing the two, "there wasn't a lot in it as to how it would work out for us".

That is largely because, with a gross income of around £20,000 between them, Lyn and Tony are neither poor enough nor rich enough to be much affected by tinkering with the tax of either the low-paid or the high-paid.

Russell, though, likes Labour's plan for 50 per cent tax on incomes over £40,000. "That is a really good idea. It helps even things out a bit."

By Thursday, the concern of the Martins had swung back to schools, if only because they spent the evening at a parent-teacher meeting on behalf of Westley, 14, their second son. He goes to Lyndon School in Solihull. Lyn and Tony are very happy with both Lyndon and St Margaret's Church of England Primary where, Keeley, 10, their daughter goes.

This means they are ambivalent about the sort of changes Conservative policy might bring about. They have no problems about the core curriculum and enthuse about spending more on education. But opting out is more difficult.

"If they did want to abolish local education authorities, they'd still have to have a group to manage the schools which are left," said Lyn.

All of which bore out the general point that, as Lyn said, "each party has a good point or a few good points." And that led Tony to conclude, "I think it's going to be close."

Middle managers could still work under Mr Smith

If Labour wins, would its tax increases demotivate managers and damage the economy? **Cedric Sandford** thinks not

BY RAISING the top marginal tax rate for *employees from* 40 per cent to 59 per cent, Labour's tax increases are almost a mirror image of those in Mr Nigel Lawson's 1988 Budget, when he cut the higher rate of income tax from 60 per cent to 40 per cent.

A research study on the effects of the 1988 cuts provides some clues to the likely effect of Labour's proposed increases. The study by the late Professor Chuck Brown and the author was based on interviews with 316 accountants in private practices spread across London, the south-west and mid-Scotland. The response rate *was* 69 *per cent.*

Accountants were chosen because they were mostly higher-rate taxpayers, knowledgeable about tax and in a position to vary their workload.

They were asked whether there been any change in their *working hours*, holidays, the amount of work taken on outside the practice and the amount turned down in the practice. Those over 45 years old were asked about any changes in retirement plans.

The interviews took place in 1989-90 and the questions concerned the year before and the year after the 1988 Budget. In the initial stage, tax was not mentioned by the interviewer.

On balance, there had been more hours worked, more holidays taken and more work turned down. Of those who had changed their retirement plans, five times as many were *proposing to bring forward* their retirement as to postpone it.

However, only seven out of 316 gave tax as a reason for a *change in behaviour, and these* were almost equally divided between those for whom tax cuts had provided an incentive and those for whom the opposite was true.

At the end of the interviews, respondents were asked direct questions on the effects of the tax cuts on their behaviour and on that of their clients.

Nearly a quarter of accountants whose tax rates had fallen by at least 5 per cent said they had spent more and a similar proportion said they saved more.

On clients' behaviour, the most significant response was that 30 per cent said clients were now less concerned with tax avoidance and more concerned with the economic merits of investment decisions.

How far can these findings be reversed in respect of the Labour party proposals? Clearly, the world is not the *same as it was in 1988; nor* are Labour's proposals a precise reversal for top income-tax payers of the 1988 cuts. Nonetheless, the 1988 findings are very relevant.

There is no reason to doubt the central message of the 1988 findings – that there will be some disincentive effects and some incentive effects – but the net effect on work effort is unlikely to be significant. This conclusion is supported by earlier research findings.

MANY of the "middle managers", about whom top businessmen have spoken with such passionate concern, may well wish to work more, not less, in order to pay their high mortgages and their school fees – if, that is, they are in a position to increase their pay by working more.

Of course, many managers *cannot respond in this* way. This is less true for the self-employed, but so far Labour has made no proposals to raise their national insurance contributions. The top marginal tax rate for the self-employed under Labour would be 50 per cent, not 59 per cent.

It is also necessary to maintain a sense of proportion. Even at 59 per cent, the combined rate of National Insurance contributions and top income tax would be lower than the rate which has applied at any time since the second world war, except for the period 1988-92.

On the other hand, many other countries have cut direct tax rates in recent years; 59 per cent represents a relatively higher rate in 1992 than it did in the early 1980s.

Our analysis suggests that the most potentially damaging effect would be to increase tax *avoidance, which might distort* investment patterns, as well as reducing expected tax revenue. The tax avoidance effect, however, should be mitigated by the fact that returns on savings and investments will not be affected by extra national insurance contribu*tions: the proposed top rate on* investment income is 50 per cent.

In recent years, many tax-avoidance loopholes have been closed, and since Labour plans to tax almost all fringe benefits to employers' national insurance contributions, one obvious potential opportunity has also been discouraged.

But Labour has not said what it proposes on capital gains tax (CGT). If it continued to be charged at the taxpayer's top marginal rate of income tax (50 per cent), it would be exceptionally high by international standards, and would be likely *to encourage investors* to lock in to their investments, to the detriment of capital mobility.

On the other hand, if the link with income tax were broken and capital gains tax left at a maximum 40 per cent, new possibilities of tax avoidance – *through conversion of income* to capital gains – would emerge. But too much should not be made of this. Because of the separate CGT threshold, the present link is not watertight; and, throughout most of the life of CGT we have lived with much bigger differences between the rates of income tax and CGT.

All in all, the evidence from our study suggests that the increases proposed by the shadow chancellor would be highly unlikely to cause significant disincentive or other serious detrimental effects.

Professor Sandford is the former director of Bath University's Centre for Fiscal Studies.

Inspiration from meditation plan

By Gary Mead, Marketing Correspondent

A NEW party entered the election race yesterday, spending about £1m on full-page national newspaper advertise*ments and promising to field* candidates in all 651 constituencies.

The Natural Law Party, launched less than a week ago, bases itself on the teachings of the Maharishi Mahesh Yogi, the founder of the Transcendental Meditation programme and two universities.

Party official Mr Peter Warburton yesterday declined to give any details about financial backers.

He said the party, whose lengthy manifesto was published in national newspapers yesterday with photographs of 119 election contenders, would have candidates for all 651 seats by next Wednesday, which is the final date for registration.

The candidates would be putting up their own deposits.

Mr Warburton said the party's aim was to introduce an ideal system of administration to the country.

Although that might seem idealistic, the party would implement very practical measures to achieve that aim.

Mr Warburton hoped that the party would be granted a party political broadcast. It had met one of the conditions to qualify by fielding more than 50 candidates.

Mr Warburton refused to comment on plans for further *advertising, though* he said that the party had formed a nationwide fund-raising organisation called The Heaven on Earth club.

He said the party depended on unnamed well-wishers for donations, including about 160,000 people in the UK who *have studied transcendental* meditation under the Maharishi's guidance.

The party has a slogan – "Only a new seed will yield a new crop" – and its symbol is a rainbow.

Its leader is Mr Geoffrey Clements, who holds the post of professor of *physics* at one of the Maharishi's universities.

Sheridan does it from prison

There will not be a news conference to match that being staged on Monday by Tommy Sheridan, the anti-poll tax campaigner standing for Glasgow Pollok. Sheridan is holding it inside Saughton prison, Edinburgh, where he is serving six months for breaching a court *order.*

The Representation of the People Act obliges the prison to give parliamentary candidates in jail the same facilities as any other candidate, so the TV cameras will be allowed in. Sheridan is also allowed to use a mobile *telephone and has some access* to the prison fax machine to issue his manifestos, which boast of his record of "standing up for the poor." His election agent is able to visit him in prison as often as he wants.

Sheridan is standing for Scottish Militant Labour, an offshoot of Militant, and his backers say they are making headway in the bleak housing estates of the Labour safe seat on the south side of Glasgow.

The 27-year-old candidate was jailed for breaching a court order banning him from disrupting warrant sales – sales of the possessions of those who had not paid the poll tax.

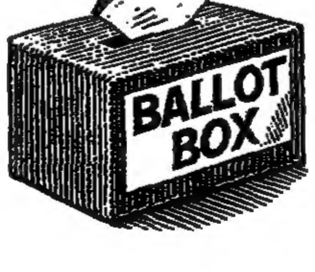
The last person to stand for parliament from prison, in 1981, was Bobby Sands, the IRA hunger striker. Sheridan's supporters prefer the example of John MacLean, a Red Clydesider who stood from Peterhead prison in 1918.

Healey's pips

Denis Healey offered to pay £10 on BBC Breakfast News yesterday to anyone who can prove that he said "I'll squeeze the rich until the pips squeak" when he was chancellor of the exchequer. We can't do that, but we can offer the original image: "We will get everything out of her that you can squeeze out of a lemon and a bit more . . . I will squeeze her until you can hear the pips squeak." That was Sir Eric Geddes as first lord of the Admiralty in 1918. He was talking about Germany.

The day after

Neil Kinnock's green credentials may come under early strain if he wins the election. The Labour party leaderis down to appear in a United Nations rally at Westminster Central Hall in *support of the Earth Summit* in Rio on April 10. A victorious Kinnock might have more



pressing engagements on his hands. One of his fellow *speakers is scheduled to be* Paddy Ashdown, who may also be otherwise engaged – bargaining with Kinnock perhaps.

Michael Heseltine is billed to appear as well but, unlike the others, he is described as "invited but yet to confirm". Does this mean that the environment secretary is more confident about the election outcome than the others – or less?

Silver service

Belton House has finally got its silver back. When Mrs Thatcher became Prime Minister, she was appalled at the poor quality of the porcelain and plate on hand at Downing Street to service visiting world leaders. She coveted the fabulous 18th century Brownlow silver, the pride of Belton House, an ancestral seat close to her Grantham home.

Lord Brownlow was only too happy to oblige and loaned some of the service to Number 10. Then, a few years later, he decided to become a tax exile and sold up, with the National Trust acquiring both house and contents. The Trust was shy to ask Mrs Thatcher for its silver back, but once John Major was installed in Downing Street there was no *problem. He has commissioned* modern British crafted silver and was happy to send back the antique stuff.

The National Trust has discovered that the silver has been well used. When the public sees the collection from April 1, it will be easy to spot the pieces off which the famous fed at No 10.

Old pro

The Liberal Democrat candidate in Sunderland North, Vic Halom, has fallen on his feet. The city football team has reached the semi-final of the FA Cup. Halom was a member of the side when Sunderland last won the final in 1973.

Silent Mudd

David Mudd, whose decision not to seek re-election as Conservative MP for Falmouth and Camborne provoked little comment, could have left Westminster with more of a bang.

He has revealed that he resigned the Conservative whip in February last year in protest against the government's refusal to help the Cornish tin industry. Mudd did not announce his decision to break away from the Parliamentary party and sit as an independent Conservative at the time.

A former journalist, Mudd says he did not wish to to rock the boat for Sebastion Coe, the Olympic gold medallist who had already been adopted as the prospective Conservative candidate for the constituency.

Real oratory

Michael Foot explained on Channel 4's *A Week in Politics* last night why he will become the first leader of the Labour Party since the war to retire from the Commons and not go to the Lords. It is not just that he wants to abolish the upper house.

"There are other places to speak," he said, "Hyde Park Corner or Tower Hill where Donald Soper speaks, lots of good places to speak, much better than the House of Lords. Much better audiences at any rate."

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Labour's tax error

IF THERE is little to separate the main parties in their overall economic stance, the same cannot be said for personal taxation policy. Now that both parties have published detailed budget plans, voters can choose between two clearly diverging approaches on taxation.

Whichever party wins the election, most employees will continue to pay tax at a marginal rate of 34 per cent: income tax at 25 per cent, plus 9 per cent national insurance contributions (NICs). If the Conservatives are re-elected, the top rate of tax on income and capital gains will remain at 40 per cent, at the bottom of the range for EC countries.

This structure was put in place by Mr Nigel Lawson's 1988 budget and has created a simpler and more transparent tax system. Distortions have been reduced by eroding the differences between the tax treatment of income and capital gains and between corporation tax and income tax. Together with the gradual elimination of many tax breaks, the ground has been greatly cut from under the tax avoidance industry.

It is a pity that nothing has been done to remove the dip in marginal rates from 34 per cent to 25 per cent at the £21,060 upper earnings limit for NICs. And the chancellor's proposal for a new lower rate income tax band of 20 per cent, while it may have seemed politically astute, will yield small benefits for taxpayers on low incomes while creating an administrative tangle. If he wants to help those on low incomes, Mr Lamont should steal Labour's clothes and replace the 20 per cent band with higher personal allowances.

Sharp change

However, the Conservatives deserve credit for having modernised and streamlined the UK tax system since 1979. Labour, in contrast, would introduce a sharp change of direction, with a significantly redistributive programme which requires a return to much higher marginal rates. To raise almost £5bn of additional revenue, an additional 50 per cent tax rate would be introduced on earnings in excess of £40,000 a year, and the NIC upper earnings limit would be removed. This effectively adds another 9 per cent tax to all earnings over the limit. For employees, there would be three tax rates: 34 per cent on taxable income up to £23,700; 49 per cent on taxable income between £23,700 and £36,375; and 59 per cent on the rest.

A top rate of 59 per cent is not so very different from those charged in countries such as Germany and France. And even in the UK, the top rate of tax was 60 per cent until 1988. But the higher rates would bite at much lower income levels than abroad or even in the 1970s, when Mr Denis Healey squeezed the rich. Taxpayers on less than twice average earnings would start paying tax at 49 per cent and the new top rate of 59 per cent would bite at less than three times average earnings. There would be far fewer of the exemptions and tax breaks which made Mr Healey's even higher tax rates largely fictional.

Salary inflation

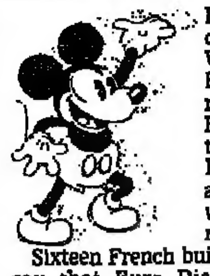
The Conservatives will rightly make much of the impact of such an increase in taxation. While there are arguments about the impact on incentives, a higher tax regime will not encourage an enterprise culture. Salary inflation is inevitable. And the effect of such tax rises on the budgets of the 17 per cent of households which would face them would be very painful. It is inconceivable that this would not have a delaying effect on economic recovery – especially in the already depressed housing market.

The purpose of the shadow budget was to defuse what the Conservatives have dubbed "Labour's tax bombshell" – the fear among voters that Labour would put up taxes across the board. By demonstrating to the majority that they have nothing to fear from a Labour government, it may have done the trick. But as the details sink in throughout the more affluent areas where it will bite hardest, the increases could deny Labour victory in key marginals. The proposals do, after all, offer a strong incentive to a quarter of voters in London and the south-east not to vote Labour. If that happens, Mr Smith's tax gamble will have failed, and Labour will pay the price for its misjudgment.

Labour's strategists would be wise to think beyond such immediate electoral considerations. There is an implicit contract between government and taxpayers that sudden, large increases in taxation should be avoided. A blind spot on this point led to the poll tax blunder. Labour appeared to recognise the argument in its policy review documents, when it promised that tax changes would be introduced in ways which did not disrupt household budgets. Mr Kinnock still has time to fulfil that pledge. If he fails to do this, wavering voters will conclude that he should not be the next prime minister.

Euro Disney must overcome the climate and competition from US counterparts to achieve commercial success, writes **Michael Skapinker**

Europe joins the Mickey Mouse club



In his office on a corridor labelled White Rabbit Run, off Dormouse Drive, Mr Robert Fitzpatrick, president of Euro Disney, is adamant that he will not be blackmailed.

Sixteen French building contractors say that Euro Disney owes them money. Some have issued veiled threats that they will disrupt Euro Disney's grand opening on April 12. Mr Fitzpatrick is examining their claims. But, he says: "I think it is important to tell these companies they can't get away with sloppy work."

The outburst is angry, but uncharacteristic. Generally, Mr Fitzpatrick is as unflappable as the floor-to-ceiling Mickey Mouse tapestry on the wall of his office at the nearly completed resort at Marne-la-Vallée, 32km east of Paris. The 16 companies aside, he is delighted with the progress of Euro Disney. He has reason to be.

He will not need to reset his brightly coloured 'countdown to the magic' wristwatch which tells him how many days there are until the opening. Large construction projects, such as the Channel Tunnel, almost always open late, having overshot their initial budget. But Euro Disney, Europe's largest leisure complex, featuring such attractions as the Big Thunder Mountain Railroad and Dumbo the Flying Elephant, is set to open on time and to its budget of FFr22bn (£2.26bn).

In the five years since Disney, the US film, entertainment and merchandising giant, signed an agreement with the French government to construct Euro Disney, it has assembled 700 contractors and an additional 1,000 suppliers to build 30 theme park attractions, a man-made lake, two rivers, six hotels with a total of 5,200 rooms, a campsite, a golf course and an entertainment centre. Most of the contractors had not worked for Disney before; 95 per cent were European. At peak building periods, there were up to 89 cranes on the 1,500-acre site and 11,500 construction workers.

Euro Disney says it has worked hard at overcoming the difficulties posed by the gloomy Parisian winters

To welcome a projected 11m visitors in the first year, Euro Disney has recruited a staff of 14,000 'cast members', representing 75 nationalities and speaking 40 languages.

And this is only the start. Disney has plans for its French site which will take it up to 2017. They include the opening in 1995 of Disney MGM Studios-Europe, with film and television production facilities and a movie theme park; a convention centre; a water park; a second golf course; and 13,000 more hotel rooms.

Euro Disney has not been the only impressive performer. From the covered, moving walkway which will carry visitors from the 12,000-space car park to the site, the roof of a brand new RER suburban-line railway station is visible. Due to open at the beginning of April, it will enable visitors to reach the park from central Paris in 40 minutes. A station for the high-speed TGV train, located inside the resort, is expected to open in 1994.

The co-operation of the French government in providing the infrastructure to serve the park has been crucial to Euro Disney's initial success, Mr Fitzpatrick says. The planning and work has continued under four prime ministers: Mr Laurent Fabius, Mr Jacques Chirac, Mr Michel Rocard and Mrs Edith Cresson. Each of them appointed an 'interministerial delegate' to ensure co-operation between Euro Disney and all the public authorities involved.

According to Mr Fitzpatrick, who helped organise the 1984 Los Angeles Olympics, a dispute with a handful of contractors is relatively insignificant in a project the size of Euro Disney.

There have been other pin-pricks. A French labour inspector has asked a judge to examine the legality of the Euro Disney Look, the company's dress code. This stipulates that cast members must wear "proper undergarments"; that hair must not be bleached, tinted, frosted or streaked; that moustaches and beards are not permitted; that "due to close contact with guests and fellow cast members, the use of a deodorant or antiperspirant is required"; and that "sunglasses are a block to interpersonal communication with the guests and should be avoided when possible". Staff are told that "as a condition of your continued employment with Euro Disney, you are responsible for maintaining an appropriate weight and size".

Mr Fitzpatrick says he is confident the Euro Disney Look conforms with French law. Turning the 14,000 new employees into Disney cast members does, however, present the company with a new challenge: it has never had to manage a multinational workforce before. Its two theme parks in the US, in Orlando, Florida and near Los Angeles, employ mostly Americans. Its third park, Tokyo Disneyland, which opened in 1983, employs Japanese.

Of the European employees, 66 per cent are French, 11 per cent are British, 4 per cent are Dutch and 3 per cent are Irish. French and English are the two languages of Euro Disney. Although bilingualism is not an absolute requirement of employment, 80 per cent of the staff speak English and 80 per cent speak French.

The question of whether European employees will take to Disney's celebrated service-with-a-smile culture provokes a second flash of irritation from Mr Fitzpatrick. The quality of service at Euro Disney is already "fantastic", he says. The idea that such standards are not achievable in Europe is "a Euro-myth, a self-defeating, self-critical myth that astonishes me. It's not a question of nationality. It's a question of the company and what it values. You communicate in a thousand different ways what are the values of the company."

Mr Fitzpatrick says he leads by example. If there is litter on the ground he picks it up. He gives every appearance of living up to Disney's squeaky-clean image. It would be churlish to point out that he smokes.

Like all other members of staff, he wears an oval plastic badge, with a picture of Mickey Mouse at the top and his name, Bob, in large letters in the middle. As the Euro Disney Look says: "We are a first-name organisation." When he walks around the site, he says, French staff give him a cheery "Salut, Bob."

However, the cast members being conducted past the pink timber exterior of the Disneyland Hotel a few weeks before opening, look anything but cheery. Squinting into a howling wind, they clutch the hoods of their coats around their faces as protection against the driving rain. And this is March. What will January be like?

The north European climate looks like being the biggest potential obstacle to Euro Disney's success. Unlike many other European theme parks, Euro Disney will be open all year round. Euro Disney says it has worked hard at overcoming the difficulties posed by the gloomy Parisian winters and unreliable summers.

Building on the experience of Tokyo Disneyland which, the company says, has to cope with even worse weather, many of Euro Disney's attractions will be indoors. Ticket booths at the entrance to the park will be under shelter on the ground floor of the Disneyland Hotel. The park's Main Street USA will contain indoor arcades running parallel to the street.

Mr John Forsgren, chief financial officer, says that good winter attendances will be crucial to Euro Disney's success. For much of the summer, Euro Disney expects to be bumping up against its daily capacity of 60,000 visitors. Improving annual profits will therefore depend on increasing winter visitors.

In the company's first financial year, to September 1992, Mr Forsgren expects the company to be profitable after interest payments, although he will not put any figure to his forecast. Mr Paul Slattery, an industry analyst at Kleinwort Benson in London, says that in the first year, which does not include a winter season, he expects Euro Disney to have net profits of FFr246m. He does not expect much improvement in the second year, which includes both a winter and a summer season.

Mr Forsgren agrees that Euro Disney will do well to break even in the period between October 1992 and March 1993 and might make a small loss. If attendances are low in the winter, Disney will offer special events and prices to attract visitors.

The problems of the winter do not seem to worry shareholders. Since Euro Disney's hugely over-subscribed offering of 51 per cent of its equity in October 1989, the shares have shot up from FFr72 to close in Paris yesterday at FFr161.2. At this level they are a very expensive 130 times greater than expected first-year earnings per share.

The performance of the shares worries Mr Forsgren. "It's a bit much. We've actually been cautious with investors. We've asked people to be realistic about what we can achieve in the first years," he says.

Mr Forsgren, formerly treasurer of the parent Disney company, says, however, that communicating with European investors is more difficult than many US executives realise. "The markets in Europe are much less efficient than in the US. The process of conveying information is much slower. You don't have the security analyst coverage you have in the US. You can't assume that, having made a statement in a speech, all the major investors are going to get that message. You make a speech in London and, two months later, it's news in Germany."

He says that Euro Disney could break even with as few as 8m or 9m visitors a year. The key would be a reduction in labour costs. The high turnover in theme park staff makes it relatively easy to reduce employee numbers when necessary, he says. "Some people join with the intention of staying only for a season. Others simply decide they don't like the work. For whatever reason, it happens in a fairly new company."

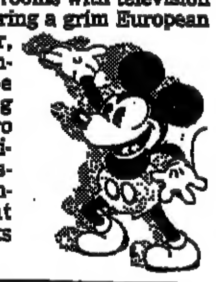
Despite the economic downturn which is affecting much of Europe, Euro Disney says it is confident it will meet its first-year target of 11m visitors. Half are expected to come from France, with guests from the UK, Germany and the Benelux countries making up the rest.

Travel companies seem equally confident. P&O Ferries says it has already sold between 70 and 80 per cent of the Euro Disney holidays it has available for the first three months after opening. British Airways Holidays says it has sold about 40 per cent of its summer Euro Disney holidays and about 25 per cent of the packages available for the first year.

P&O's packages range from £50 per person a night to more than £90, depending on the class of hotel and time of year. British Airways' packages, which include air fares from the UK to Paris, range from £83 a person per night to more than £100.

Euro Disney says it expects visitors to stay for a shorter time than European guests at its US theme parks. A winter trip to Walt Disney World in Florida, already popular with UK and German visitors, is, however, not much more expensive. Packages range from £65 a night to £160.

Mr Forsgren believes that Euro Disney's main competition will come from the alternative attraction of European living rooms with television sets in them. During a grim European winter, however, the Florida sunshine might be more enticing than either Euro Disney or television. Euro Disney's stiffest competition might turn out to be its sister parks.



MAN IN THE NEWS

William Purves

Dour Scot with an empire from east to west

By Simon Davies

The career of Mr William Purves is a tale of "go east young man" redolent of Britain's imperial past. Thirty-six years ago he left his job of bank clerk in Scotland to seek his fortune in the colonies. Now the chairman of Hongkong and Shanghai Banking Corporation is to take control of the UK's Midland Bank, which Mr Purves's bank is about to acquire.

However, the 60-year-old Scot seems unmoved by the prospect of taking over one of the big four English clearing banks. He has already got used to big titles. Hong Kong folklore has it that the three men who rule the colony are the chairman of the Royal Hong Kong Jockey Club, the chairman of Hongkong Bank and the Governor, in that order. Since December 1991, Mr Purves has held the the first two of these posts.

Although the Midland takeover would propel the Hongkong Bank into the limelight of the international banking stage, Hong Kong looks on the UK partner as a smaller, weaker bank. Indeed, many Hong Kong bankers describe the UK as a "sunset economy" and point to the opportunities from branching out on to the Chinese mainland. Mr Purves is often to be found on the mainland and has cultivated a close relationship with the Chinese government, which takes over the colony in 1997.

Colleagues and friends attach adjectives like "dour", "hard-working" and "tough" to him, rather than "ambitious" or "self-important". Colleagues describe him as "not the kind of man who seeks personal publicity". He himself says he is a dedicated banker, rather than a principal pillar of colonial society.

In this respect, he differs from his more flamboyant predecessor, Sir Michael Sandberg. Sir Michael's nine-year reign as chairman left the colony with numerous monuments to the bank's glory, such as the $US1bn Hongkong Bank building, with its unused helicopter landing pad, and a palatial residence of questionable taste on the Peak, the island's most exclusive area.

By contrast, employees claim that Mr Purves has been known to fly economy class. He sees the Hongkong Bank as an institution where Scottish banking principles offer a good model, and hard work and loyalty are the keys to success.

The principles Mr Purves reveres include common sense, frugality and conservatism, although occasionally his puritanism can rub people up the wrong way. When the Bank of Credit and Commerce International collapsed, he angered local BCCI depositors by accusing them of greed for having been attracted by that bank's slightly higher interest rates.

His innate caution might appear odd, given that he has been associated with an ambitious programme of overseas expansion, which has taken Hongkong Bank into the US, Canada, Australia and almost Scotland – through a failed bid for Royal Bank of Scotland in 1981 – in the last 12 years. But Hongkong Bank has given itself ample time to consider the wisdom of a move on Midland, having acquired its initial 14.9 per cent stake in the bank more than four years ago.

The gestation of the deal had been longer still. On the day that Mr Purves's appointment as chairman was announced in December 1985, he said: "If the opportunity arose we would like to do more in Europe, but it's not something that's likely to present itself in the immediate future."

He became chairman exactly 30 years after leaving the National Bank of Scotland's Kelso branch for the Hongkong and Shanghai Banking Corporation. He had then worked his way through the hierarchy; being a rugby-playing Scotsman provided a slight edge in a bank with a strong Scots contingent. He stresses, however, that he has got where he has by dint of hard work and being fair. Few of his colleagues argue with this.

Mr Purves claims the paternalistic image of the bank is overplayed, but it clearly expects hard work and loyalty, and it rewards them. "The bank is a bit like a boarding school, with Mr Purves playing the role of a senior prefect," says one insider.

Mr Purves still calls in new trainees and makes a valiant effort to remember all their names – a significant task, as the bank has 10,000 more staff today than eight years ago. His powers of recollection are renowned and it is this, he claims, that gives people the impression he is a details man. Some, however, have criticised him for being too involved in the nuts and bolts of bank business, and not sufficiently focused on broader strategies.

The Hongkong Bank chairman wields immense power: there are no big shareholders breathing down his neck, as a result of a ruling on a maximum shareholding of 1 per cent – which will go as a condition of Midland takeover. Moreover, the board comprises mainly non-executive local businessmen, unlikely to question the bank's executive committee. But the burden on Mr Purves has been relieved to an extent, through the appointment of the deputy chairman, Mr John Gray, as chief executive of Hongkong Bank.

Mr Purves, therefore, has had more time to concentrate on the difficulties caused by the bank's operations outside Hong Kong. Hongkong Bank has allowed its overseas operations to run with a large degree of autonomy, which has sometimes backfired in the tough economic climate of the last two years. "When you put someone in charge, you should let them get on with it. But there have been problems and we have sadly had to make changes. I have been accused of being too slow to make those changes, but you have to give people the chance," says Mr Purves. For example, Mr John Bond, a director of the bank, has been sent to the US to turn round a subsidiary, Marine Midland.

But Mr Purves says this does not reflect a change in management style. Midland Bank would, in the main, be left to run itself under the existing regime. There is speculation that Mr Purves may relocate to London to control the growing bank empire from the City; but he is non-committal, stating that he will do what his board wants him to.

But he also says he is getting old and is looking towards retirement. Friends suggest he would have difficulty parting company with his business interests completely, and for that reason might want to remain close to London.

However, although he has assumed the badges of his post as Hong Kong's most eminent corporate man, such as a company Rolls-Royce, Peak dwelling and even a share in a race horse, the social trappings do not seem important to him.

"I have other outside interests that I would like to pursue. A long time ago I was interested in gardening and bee-keeping. And I would like to have time to read," he says. But, in the meantime, he has a HK$30bn acquisition to complete.

Philip Stephens on the state of play between Tory and Labour at the end of the first week

The judgments of conviction

The Conservative tax onslaught would stop Mr Neil Kinnock in his tracks. The judgment of one of Mr John Major's senior lieutenants was offered with as much confident aggression as anyone could muster after a week without sleep.

There was no reason to doubt his conviction that the clever but incomplete arithmetic of Mr John Smith's shadow budget had left scope for his party to tap a rich vein of public unease about higher taxes.

But, like others gathered around the prime minister at Conservative Central Office yesterday, he did not grasp the admission of weakness implicit in the assessment.

If Labour's standing in the opinion polls stays as it is between now and April 9, Mr Kinnock will move into 10 Downing Street. The Labour leader would be without a majority at Westminster but there would no doubt that he had won the election.

After the first full week of campaigning, the Conservatives have found themselves in the role of the opposition party. Behind in the opinion polls, it is no longer enough for Mr Major to stop Mr Kinnock. He must drive him back.

That could change. The polls have been volatile. Labour's lead is at best two points. Mr Paddy Ashdown's Liberal Democrats, sidelined by the cross-fire, might yet emerge as a more serious rival for the votes of disaffected Conservatives. Mr Major's offensive against Mr Smith's tax plans has yet to permeate fully the voters' consciousness.

So Labour's strategists in Walworth Road are looking ahead to the clutch of opinion polls tomorrow with as much anxious anticipation as those in Smith Square.

But this week's campaign snapshots have been ones for Mr Kinnock to keep. Gloomy output and unemployment figures did nothing to still resentment with the government's handling of the economy. The economic indicators were "truly awful", one cabinet minister admitted in an unguarded moment.

Ministers and their shadows returning to London from the regions offered inevitably partisan assessments of the national mood.

For the Conservatives the message was simple. Mr Major drew almost universal praise, Mr Kinnock attracted uniform scorn. The voters feared the opposition more than they wanted to punish the government. Labour's conclusions were equally straightforward. After 13 years the voters had had enough. Recession, the poll tax and crumbling public services had persuaded them that it was time for change.

Both judgments carried conviction. But the lines of fatigue which come with 18-hour days concealed puzzled frowns on Conservative faces and cautious confidence on Labour ones.

Stranded for longer than any of his predecessors on the opposition benches at Westminster, Mr Kinnock has the look of a politician who believes that at last he can win. Mr Major, with no experience of opposition, has the air of one who has realised just how hard he must fight not to lose.

Tony Andrews

On the buses: the Conservatives are fighting hard not to appear like the party of opposition

It was Mr Smith who gave Labour the first round. Described dolefully by one opponent as "a priceless asset", the shadow chancellor delivered his mock budget with an articulate gravitas which must have left some voters wondering whether he had already moved into No 11 Downing Street.

Aides insisted that the package – reconciling commitments to spend more on the welfare state with pledges not to raise taxes for the average family – had removed his party's Achilles heel. The skilled working classes had be reassured and the confusion and contradictions of 1987 could now be avoided.

Mr Major, still more popular with the voters than either Mr Kinnock or his own party, did not have a bad week. A stylish portrayal of the journey from Brixton's Colharbour Lane to 10 Downing Street in his first election broadcast reinforced the image of a politician close to voters' anxieties and aspirations.

The message on the doosteps – grudgingly admitted by Labour MPs – was that the prime minister is liked and trusted. He attracts little of the blame for his party's mistakes and credit for shaving the rougher edges from Thatcherism.

But circumstances have no forced him into a different role. His lengthy election manifesto – designed above all to underpin the message that here was a prime minister seeking a first term rather than a party seeking a fourth term – was put to one side within 24 hours of its launch on Wednesday.

The party's strategists decided that Mr Major, until now above the election slanging match, was needed in the front line of the attack on Labour's tax policies. So instead of spending the rest of the week setting out his own agenda, Mr Major took on the less familiar role – and more colourful language – of negative campaigning.

He will remain in that role for much of the campaign. Conservative election strategy has crystallised behind two central themes: tax and leadership.

Those hit by the Mr Smith's plan to abolish the earnings ceiling on National Insurance Contributions ceiling do not by definition merit Mr Major's description of "middle-income" earners. Less than 15 per cent of taxpayers earn more than £22,000. But in the crucial marginal constituencies of London and the south-east enough may earn (or aspire to earn) that much.

So Mr Major, as he promised, will go on, and on and on about Labour's threat to the incomes of the upwardly mobile. He will intersperse that with thinly veiled attacks on Mr Kinnock. Mr Michael Heseltine's approach will be rather less diplomatic in what is being billed as a strategy to "shred" Labour's tax plans and Mr Kinnock's leadership.

The Conservatives insist it will work: that neither Mr Smith's tax plans nor Mr Kinnock's character will survive the next two weeks; that Mr Major will become the first prime minister since opinion polls began to lift his party's support during a campaign.

Perhaps. But Labour too has an agenda – health, education and the poll tax – which strikes powerful chords with the voters. And this week it has been Mr Kinnock's "time for change" rather than Mr Major's "you can't trust Labour" which has had resonance.

Learning how to mix it

The faltering start to Mr John Major's campaign was accidentally highlighted in a comment after his unusually aggressive speech at the rally in Manchester on Thursday night. According to an aide, the prime minister said it was the first time in 16 months that he had said what he felt.

Quite apart from the admission that he had not really hit his stride until some days into the campaign, the comment points to a fundamental change of strategy.

An earlier plan was for Mr Major to be above the political fray in a statesmanlike fashion, leaving the negative campaigning on Labour to those without quite such nice smiles.

But the speech on Thursday showed that Mr Major is prepared to mix it with the opposition.

His speech did indeed, as he was at pains to point out, cover education, housing and the Citizen's Charter.

It dealt more passionately – and to more applause – with Labour's tax plans, the last Labour government's continuation of a "forelock society", and the unfitness of Labour to govern because of its stand on defence and, implicitly, the putative hot-headedness of its leader.

The speech acquired lift-off with Mr Major's delivery. This was enlivened by his encounter with a jostling group of demonstrators as he tried to do a walkabout in Bolton on Thursday afternoon. He left behind his usual monochrome style for a note of passion, and his normal bureaucratic turn of phrase to denounce "the ugly face of Labour that I hate".

There is a clear downside to television pictures showing a leader being the focus of a hostile protest. For someone against whom one of the main charges is blandness, there is a brighter side as well.

And the Tory tour party is in the business of being positive, after a week which began flatly, as the economic output figures hijacked Tuesday's campaigning, and unemployment dominated much of Thursday's.

Among the hopeful signs is the belief that the worst of the economic indicators have already come out.

Most hopes are pinned on the new "bite" in Mr Major's setpiece campaigning.

The prime minister still seems nice rather than Churchillian to the few innocent bystanders he meets on tour, but he has at least shown that being pleasant is not incompatible with behaving and sounding as though he really does not want Labour to win.

Alison Smith

A hint of swagger

Mr Neil Kinnock looks and acts like a "dead cert" winner – just as he did in 1987.

This time, however, the Labour leader and his fiercely protective entourage sniff triumph in the electoral breeze. They are acting accordingly.

Motorcades with security back-up, fanfares, spotlights and VIP reception committees help create the impression that, after nine shadow years, Mr Kinnock is emerging into the light as the man of the moment.

Hands held at holster level suggest a hint of the victor's swagger and the matey grin which sparks fury or affection remains broad, though Mr Kinnock is too scarred by experience to believe the battle is won.

A spontaneous, cheek-kissing intimacy still breaks out from the calculated sobriety intended to show that here is a serious man up to serious job. His toe-caps sparkle but you just know he prefers trainers.

The choreographers of a highly professional campaign have left very little to chance. That means limiting the opportunities for mistakes – there was none on the road in the first week – and maximising exposure for the party leader on terms dictated by a team dedicated to showing Mr Kinnock's best side.

Secrecy surrounds every step of the way, partly because of security but also to ensure the Tories do not trump them. There is, however, barely concealed delight within the leader's camp at keeping the press guessing, a game which helps create an essential aura of importance.

The strategy can go too far. On Thursday, the pack set off for Birmingham. Asked by a journalist on board the battle bus if she knew the day's destination, the press officer merely replied "yes". The inquirer responded: "Then you'd better tell the driver because no one's told him."

In 1987, Labour made it clear it believed the election would be fought in front of the masses on television and asked why it should assist a largely hostile written press with comparatively little influence. The party had a good point then and has a good point now.

So far, contact with unvetted voters has been strictly limited and will remain so; when it is attempted, the public in any case risks being flattened by a moving mountain of broadcasting technology upon which the entire, bizarre exercise depends.

Michael Cassell

An asset on the box

Mr Paddy Ashdown, in his dashes this week across the UK, has tried to set a distinct agenda for the Liberal Democrats. But he has yet to generate a sense that third-party politics has regained momentum.

He has been the most accessible of the party leaders, with less to lose from the unscripted remark and the most to gain from a confrontation that sparks publicity – such as yesterday's with Militant extremists, amid the municipal drabness of council flats in Liverpool.

Party managers have restricted doorstep interviews by journalists, but Mr Ashdown has not refused to answer questions from voters – sometimes against his aides' advice. His first rally, at a Birmingham school on Thursday, was to an open rather than invited audience. Afterwards he admitted to wishing for a heckler or two.

Liberal Democrats claimed early successes in raising the issues of a televised leaders' debate and constitutional reform. However, perhaps because of his tactics but probably inevitably, Mr Ashdown's topics have been overshadowed in the media by those chosen by Mr Kinnock, Mr Major and news editors.

He has adapted his programme to respond to the issue of the day. Yesterday, for example, he linked his reaction to the inflation figures with the subject of housing by citing appalling inner-city accommodation as the cost of the government's struggle against price increases. But his main theme has often been left on the floor of the television cutting room.

Mr Ashdown has set the pace for leadership tours, with a frenetic schedule that will take him to every part of Great Britain, and to some areas more than once. As the party's most televisual asset, he has rarely stayed in one place for more than an hour.

His campaign style has combined characteristics of the two main leaders. Like Mr Kinnock he has been at ease with the multitude, talking with furrowed brow to the unemployed or elderly, or racing through shopping precincts, hands held high, proclaiming: "Good day, my friend." Like Mr Major he has sometimes preferred more intimate sessions, gathering groups of businessmen or local activists and engaging in a brief seminar on, for example, the uniform business rate.

Party strategists are content that the Liberal Democrats have not dipped in the opinion polls and may have advanced a point or two. But so far it seems unlikely that there will be much increase in the party's 22 MPs.

Ralph Atkins

LETTERS

Water should stay privatised

From Mr Roy Watts.

Sir, the Labour manifesto says "the provision of water is so fundamental that it is a priority for return to public control".

Such a reversal would be a tragedy for many customers, shareholders and employees. It is a proposal which ignores the massive improvement in the water industry since flotation two years ago when government put ownership and management into the more efficient private sector while retaining its true role as regulator, with powers to punish failure.

Water is a business. Like coal, oil and any mineral, water is a natural resource. But laboratories, treatment works, thousands of miles of pipes, reservoirs and trained skills are not. Water is a continuous process industry that plans for water, collects it, stores it, treats, it distributes it, re-cycles it and disposes of it – all to very high legal standards.

Since flotation, investment, previously neglected, has proceeded apace and with certainty. New standards have been achieved, new technology implemented, the pace of change increased, skilled staff attracted and rewarded, international business secured.

Alongside this, water bills have remained low – in the case of Thames an average of 40p per day per family. There are no arguments for changing an efficient, highly-motivated business.

I hope all those involved, including those in the private sector companies whose employees benefit from taking part in the £30bn industry capital programme, will reflect on Labour's proposals.

Roy Watts,
chairman,
Thames Water,
14 Cavendish Place,
London W1M 9DJ

Same problem

From Mr George Heskett-Smythe.

Sir, In response to Mr Alan Sugar's letter (March 19), I, too, have not prospered in the present recession.

George Heskett-Smythe,
The Manor House,
Bunbury-on-the-Hill,
Salop

Labour tax proposals seen as an employment levy and likely to hit property prices and feed inflation

From Mr Peter M Brown.

Sir, Could I warn John Smith, the shadow chancellor, that the extra 9 per cent insurance charge, masquerading as a benefit, on those earning over £21,060 will operate as a payroll and employment tax.

Employers will be forced to grant extra pay increases to critical qualified staff in the £20,000-£30,000 band which will deflect money from recruitment and make domestically produced goods and services more expensive.

It will rekindle the "grey economy" of tax avoidance, which the post-1988 tax regime had largely killed off, and is targeted to affect precisely those groups whose support any government needs.

To impose a flat rate employment tax – that will in practice cost public and private employers 5 per cent to 9 per cent on £20,000-plus payroll costs – when we have a record number of qualified staff on the dole and a very hesitant recovery shows a lack of understanding about the "real jobs" Mr Smith and his party want to encourage.

Peter M Brown,
chairman,
Top Pay Research Group,
Upper Ground Floor,
9 Savoy Street, London WC2

From Mr Gerard Tyler.

Sir, The effect of the proposal by Labour to raise income tax at the top marginal rate to 50 per cent and to impose national insurance on above average earners will be dramatic. Domestic property values will fall, as home buyers would not be able to service such high mortgages. The take-up of services such as private education, medical insurance and pensions would be reduced. Sales of cars, consumer goods and holidays would fall, affecting other sectors of the economy.

In order to ameliorate the effect of such dramatic reductions in post-tax incomes, employers would have to concede inflationary pay rises. By way of example, if a married man's salary of £59,736 rose to £76,234, his post-tax income would increase by only £1,257.

Mr Kinnock would therefore need almost all the salary rise which would come with his elevation to prime minister, to compensate him for the increase in taxes which his chancellor would impose. The salaries quoted are those for the leader of the opposition and for the prime minister.

Gerard Tyler,
25 Midhurst Avenue,
Muswell Hill, London N10

Lamenting demise of Business Expansion Scheme

From Dr P J Harrop.

Sir, I write to express sadness that the end of the Business Expansion Scheme is in sight. The fact that it has largely degenerated into a rich man's tax dodge on property obscures the fact that it is still available for its original purpose – supporting small wealth-creating businesses.

I am currently involved in raising money on the BES for a small electronics company, Ragom Holdings, that already exports to Japan. For us, it is a welcome alternative to venture capital, which is largely a seller's market these days. Most venture capital companies are accountancy driven; they tend to consider medium and large management buy-outs to be low risk because they have a balance sheet. It seems not to matter that some of these companies have little or no intellectual property or management talent. By contrast, venture capitalists tend to frown on business start-ups even where world-beating key patents are involved and the board contains proven achievers. Small growth businesses often have difficulty in raising finance. They are usually asked to pay back much of the money in the first few years – when they need to invest. Government grants and tax breaks are not available to the same degree as in some other European countries.

Doubtless, it will suit some in the venture capital industry to see a potential competitor – the BES – eliminated just as it is emerging from its mad-cap phase and seeing some rational proposals for trading enterprises of potential benefit to our country. But does it suit the rest of us?

P J Harrop,
chairman,
Racom Holdings,
37 Kingfisher Court,
Hambridge Road,
Newbury, Berks RG14 5SJ

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Bulldozers and bureaucrats

From Mr Rodney Parkins.

Sir, Your picture of a lone protester defying a bulldozer destroying a site of special scientific interest (SSSI) at Twyford Down brings into question who really rules.

It is significant that as soon as the politicians become preoccupied with the general election, the bulldozers – held back since March 1 – go in. The conclusion is that it is the people who do not have to worry about votes – the bureaucrats – who are the driving force.

Rodney Parkins,
8 Duval Drive,
Rochester, Kent ME1 2SY

Integrated EC forces under joint command not 'fantastical' concept

From Mr William Wallace.

Sir, Your leader on the Liberal Democrats' manifesto (March 17) dismisses the commitment to the "gradual integration of community members' armed forces under a joint command" as "fantastical".

For a far-sighted newspaper like the Financial Times, I find this a disappointingly short-term assessment. No doubt it is fantastical to imagine that within the next two to three years there will be substantial change in the organisation of British forces. But over the next five to 15 years it is evident that there will be fundamental shifts in national and European defence, following from the end of the Cold War, the withdrawal of most (or all) American forces, pressures to reduce national defence budgets and the shift to different security concerns.

The British government and its EC partners have just signed a treaty committing themselves to "a common foreign and security policy...which may in time lead to a common defence", which for the first time brings the Western European Union into the ambit of the Brussels institutions. The French and German governments have tabled proposals for integrated ground forces, building on the Franco-German brigade. The British government has committed troops to a multinational corps, with shared divisions, in the Rapid Reaction Force. We already share training structures for the Tornado with the Germans and Italians, and naval facilities with the Belgians and Dutch; Dutch marines have for many years been effectively integrated into British commando forces.

I recall some 15 years ago suggesting that it would be rational and logical to share diplomatic facilities in third countries with our European partners. The idea was swept aside as unthinkable. Yet we are in Alma Ata and elsewhere searching for buildings we can share with the Germans, Dutch and even representatives of the Commission itself: driven by budgetary constraints far more than any "European" idealism. The British, of course, don't like to look ahead. But the same pressures will push us towards our continental partners in the far more sensitive area of defence.

And by the way, we will also have a European Federal Bureau of Investigation within 15 years. The first hints are there in the Maastricht Treaty; some senior British police officers already privately accept the objective. Fantastical – or unavoidable?

William Wallace,
European Studies Centre,
St Antony's College,
Oxford OX2 6JF

Wilkes 66% lower at £2m after asset write-down

By Richard Gourlay

JAMES WILKES, the engineering company fighting a hostile bid from Petrocon, yesterday reported pre-tax *profits down 66 per cent in 1991* after a large exceptional write-down of assets to be sold.

Pre-tax profits fell from £5.61m to £1.89m but at the operating level profits were only 5 per cent lower before the £2.76m exceptional item.

The company is recommending a 5.25p final dividend, giving an unchanged 10p for the year, even though earnings per share fell from 22.4p to 4.6p.

Mr Arthur Watt, Wilkes chairman, said the results were excellent given the recession.

The exceptionals related to the closure of the aviation business and head office mansion.

Wilkes said its bankers, NM *Rothschild*, had written to Petrocon saying it would withdraw a £7.25m credit line if the bid was successful. Rothschild's corporate finance department is advising Wilkes but the bank says its lending decision was made independently based on its lack of knowledge of Petrocon.

A Petrocon adviser said the bidding company was prudent and that the borrowings revealed by Wilkes in its *defence document* were *exactly* as anticipated.

Petrocon said that its final offer, worth 151p a share and valuing Wilkes at £27.5m, was generous, representing an historic earnings multiple of 33.

Wilkes also stepped up its attack on Petrocon's management and in particular the record of Mr Colin Robinson, its chairman.

Wilkes said there was little *evidence to suggest Mr Robinson* could develop businesses and that he had rarely held a company stewardship position for a sustained period.

Mr Robinson said Wilkes had been selective in not highlight*ing his management successes* at GEC and Heron Corporation.

Berisford cancels rights as coffee rises

By Maggie Urry

BERISFORD International, commodities and property group, has cancelled a rights issue announced a month ago. Its shares rose 2p to 20½p.

The issue, which was to raise £14m net through the sale of loan stock, would have allowed Berisford to provide further finance to Rayner Coffee International, its 45 per cent owned coffee trading associate.

Mr Barry O'Connor, company secretary, said that the coffee price had risen in recent weeks and RCI had closed its position on the terminal market, meaning it was no longer exposed to margin calls. As a result the pressure for the rights issue had been removed.

That allowed *Berisford to* cancel the issue when it found it impossible for it, its banks and the underwriters to balance their interests.

Mr O'Connor said the cost of closing the terminal market position was bearable by RCI. RCI was also negotiating the sale of some subsidiaries, which may be agreed in the next few weeks, and had implemented staff cuts.

Berisford guarantees some of RCI's borrowings and has cut the maximum exposure from $115m to $105m (£61m). At present RCI is using $88m of this facility. The aim is to cut this further through asset sales. Berisford said that once the RCI guarantee was removed Berisford would "be in a better position to implement a strategy for acquisition and growth".

Berisford has also renegoti*ated its own borrowing* facilities. It now has a facility from four banks which is "sufficient for Berisford's ongoing business requirements". The facility runs until March 31 1993 and Berisford has arranged more favourable terms.

Liberated Molins edges ahead

By Peggy Hollinger

MOLINS, the tobacco machinery and packaging manufacturer, yesterday unveiled its first set of results since the exit of hostile shareholder Leucadia, *to show a 2 per cent rise in pre-tax profits* to £15.5m for 1991.

The group, which has escaped five attempts in four years by hostile shareholders to win control, managed the increase through *shaving interest costs* by £300,000 to £3.3m. Operating profits were steady at £15.6m on turnover up 13 per cent to £155m.

Mr Michael Orr, chairman, made only the most discreet of references to the two-year attempt from the US financial conglomerate to win control. "Leucadia is behind us now and we are enjoying the chance to concentrate on the *business," he said. Leucadia* shed its 48.4 per cent stake in Molins in November after its proposal for seats on the board was defeated at an extraordinary general meeting.

Molins rewarded shareholders with an increased final dividend of 9.75p (9p), making a 12.75p (12p) total. Earnings rose from 36.9p to 37.3p.

The packaging machinery division increased trading profits from £2.9m to £3.1m. The Langston business, one of the leading names in the US, had increased its market share, the chairman said.

The tobacco machinery division, which represents two-thirds of group sales, had come under pressure from its dependence on the lower margin Third World business.

However, the weak result from the refurbishment of old machines had masked a strong performance in the original equipment and spares business.

Molins also announced that it hoped to put proposals forward to pension fund trustees *aimed at unlocking the £38m* surplus allowable by law. The actual pension fund surplus as calculated by Molins actuaries is £90m, and has been cited as the main reason for the past hostile bids. Last year Molins received a £3.2m (same) net pension credit.

● **COMMENT**

Molins is not the most exciting of stocks, leaving many to wonder why so many bids. The pension surplus is perhaps the biggest reason, with further unrealised potential in the company's Flexible Manufacturing Systems patent. This has been the subject of litigation for several years, and now Molins is merely awaiting judgment following the court hearing in January 1991. The timing of that judgment is as uncertain as a London bus. Meanwhile, Molins maintains its position as one of the top three tobacco machinery manufacturers, and the packaging industry offers great scope for expansion after the pension surplus is used to wipe out the *already low gearing of 13* per cent. Profits are expected to creep up to £16m this year, for a prospective p/e of 10. This looks undervalued, especially when the net asset value per share of 408p is taken into consideration.

Time, gentlemen, to unravel the knot

Morland bid talks pose a heady problem: **Philip Rawstorne** reports

NEWS THAT Morland, *the Thames Valley* brewer, is talking to potential bidders has focused attention on one of the most complex knots yet to be unravelled in the government's efforts to loosen the national brewers' hold on pub retailing.

Whitbread, the national brewer and retailer, and the associated Whitbread Investment Company hold substantial stakes in five regional brewers and pub operators – Morland, Marston's, Brakspear, Devenish and Boddington.

Maintaining these ties threatens Whitbread's competitive position; breaking them endangers the independence of the regionals.

Whitbread still has 1,500 pubs from its own estate to lease or sell during the next seven months to comply with government orders.

But it could be forced to release another 1,000 pubs from exclusive beer supplies because of the stakes it holds directly, and indirectly, through its 49.9 per cent interest in WIC, in the five regionals.

Under the terms of the government orders, large brewery groups as well as individual brewers owning more than 2,000 pubs must free half of the pubs above that limit from tied beer supplies by November 1.

The orders define a large brewery group as the combination of any one company with every other company in which it has a shareholding of 15 per cent or more.

Whitbread's holdings in the regional brewers clearly put it at the head of such a grouping. It has a direct stake of 27 per cent in Brakspear, the Oxford*shire brewer, and an indirect* stake of 21.8 per cent in Morland through WIC. A combination of direct and indirect holdings gives it effective interests of 21.6 per cent in Marston's and 16.8 per cent in Boddington.

Unless these holdings are reduced to less than 15 per cent, Whitbread will have to count the pubs owned by the four companies, more than 1,800 in total, as part of its estate.

It would then have to free a further 900 of its own pubs from the tie to satisfy the government orders.

Further complications stem from the Office of Fair Trading's view that a second large brewery group exists with the Whitbread Investment Company at its head, since WIC holds 28.9 per cent of Whitbread's shares.

WIC's 15.3 per cent stake in Devenish would then mean that Whitbread would have to free another 190 pubs – equivalent to half the Devenish estate.

*It seems unlikely that Whit*bread will resolve the situation by freeing all these additional pubs. The market for pubs remains in the doldrums; at one London auction recently, only one of 19 lots was sold.

Disposal of an extra 1,000 pubs would also leave Whitbread with a tied estate of a little over 3,000 pubs – less than three-quarters the size of the estates of Allied-Lyons, Bass and IEL, the GrandMet/Courage joint venture.

Changes in the shareholdings are thus inevitable – with WIC, as *well as Whitbread*, forced to reduce its holdings to a maximum of 15 per cent. At present, the WIC stakes amount to 43.6 per cent of Morland, 33.1 per cent of Marston's and 23.6 per cent of Boddington.

Simply selling excess shares in the market would pose problems for Morland, Marston's, and Brakspear. It would mean that 28.7 per cent of Morland's equity would be up for grabs. More than 18 per cent of Marston's shares and 12 per cent of Brakspear's would also be on offer.

It seems safe to assume that all three are vigorously opposed to such a solution.

Whitbread, too, would be loth to see blocks of shares placed with possible predators given its own substantial sales of Heineken and Stella Artois lagers to the three companies.

Another way out of the dilemma would be for Whitbread, itself, to bid for one or more of the brewers. It already sells Marston's and Morland ales as part of its guest beer portfolio.

"The drawback to such a move," says Mr John Spicer, analyst at Warburg Securities, "is that it would incur significant costs – perhaps £34m for Brakspear, £250m for Marston's and £80m for Morland – and could invite referral to the Monopolies and Mergers Commission."

There is a bewildering range *of other options. A transfer of* shares between Whitbread and WIC would slightly reduce the number to be sold.

That number would be reduced further if WIC cut its shareholding in Whitbread to 14.9 per cent. But Whitbread would be reluctant to have 14 per cent of its equity placed in the market.

In theory, says Mr Spicer, the regional brewers could seek *shareholders' approval to* buy in some or all of the shares for disposal – but the cost would be high and leave less money available for acquiring pubs.

Rights issues by both Marston's and Morland could reduce the Whitbread and WIC holdings below the critical level, provided both refrained from taking up their rights.

But again the scale of the issues would be a problem – and Morland made a £10.8m cash call only last June in which WIC took up its full entitlement.

Whether intentional or not, the government orders have posed a problem which only a stroke of genius is going to resolve without leaving some, *at least, of those involved* poorer or weaker.

Anglia Television profits fade to £8.7m

By Gary Mead, Marketing Correspondent

ANGLIA TELEVISION yesterday reported pre-tax profits of £8.73m for the 14-month period ended December 31 1991, substantially down on the £14.9m in the twelve months to October 31 1990. The result was in line with analysts' forecasts.

The final dividend is maintained at 6.4p, making an unchanged total of 9.26p. Earnings per share declined to 13.31p (21.89p). Operating profit fell almost £3m to £14.9m.

Anglia's share of the ITV network's total revenue rose slightly from 6.72 per cent to 6.75 per cent. Advertising revenue was £127.3m (£108.9m) with an extra £22.35m (£12.9m) from programme sales.

Turnover showed an increase from £124.5m to £153.4m.

The £2.96m cost of renewing its franchise was taken as an extraordinary charge as was a provision of £13.3m for restructuring and writing down its origi*nal £12m stake in BSkyB, the satellite tele*vision broadcaster, to a nominal £100,000.

Sir Peter Gibbings, chairman, said that Anglia took the view that BSkyB – in which Pearson, publisher of the Financial Times, has a stake – is unlikely to be profitable before the end of the century. Writing down the investment was thus "prudent accounting".

Sir Peter added that staff levels had been reduced by some 23 per cent, from 820 to 633, since 1989 but no further redundancies were envisaged. Last October the company retained its franchise to broadcast in the east of England region with a £17.8m bid

Net current assets at the end of 1991 were £43.6m (£29.6m).

Sir Peter said: "At a time like this, keeping light on your feet and having a pile of cash in the bank does not seem a bad approach."

Analysts are forecasting 1992 pre-tax profits of between £14m and £18m.

US side takes toll on Attwoods

By Richard Gourlay

DEPRESSED world metal prices that hit its US recycling plant left first half profits at Attwoods, the international waste management company, virtually static at £16.51m pre-tax.

The figure for the six months to January 31 compared with £16.47m previously and was scored on the back of a 30 per *cent rise in sales to £168.3m*.

Earnings per share fell from 5.07p to 4.27p. A same-again interim dividend of 1.75p is being paid.

Mindis, the US recycling and reprocessing plant, was hit by falling metal prices, particularly aluminium. A $6m pre-tax profit turned into a $900,000 (£520,000) loss in the first half. That reduced margins in the US, which accounts for over 70 per cent of sales, from 14 per cent to 9.8 per cent.

The company had anticipated too much growth but had now cut overheads and was showing signs of recovery, said Mr Ken Foreman, Attwoods's chairman.

Sales and operating profits in continental Europe doubled over the period with Germany a particularly good performer. Demand for portable accommodation units on long term rental outstripped expectations.

Mr Foreman said there was a large potential market in former East Germany for temporary accommodation.

Margins in Germany remained at 19 per cent even though sales doubled.

In the UK, sales and profits rose and margins were maintained at about 7 per cent. The eight council waste disposal contracts were not making good profits although there *was potential to improve* margins, Mr Foreman said.

Gearing fell to 28 per cent after the deeply discounted rights issue in December. However, the interest charge more than doubled to £1.96m as a result of considerably higher debt that triggered the need for the rights issue.

Hornby hit by consumer spending fall

By Roland Rudd

HORNBY, the toy and sports boat manufacturer, yesterday reported a 45 per cent fall in pre-tax profits before exceptionals, from £3.82m to £2.09m, for the year to December 31 1991.

Last year's figures were *restated following the reclassi*fication of an extraordinary item – £616,000 profit on disposal of land and buildings – as an exceptional item in accordance with the recent Accounting Standards Board guidelines.

Although the fall in consumer spending affected both sides of the business, Fletcher sports boats was worse hit, turning a £350,000 profit into a £450,000 loss.

The company has appointed 100 more dealers in France and Spain to boost its share of the European market.

Profits from toy sales, which account for the bulk of the company's *turnover of £32m* (£39.5m), were only marginally down on the previous year. The company is focusing on a new product range.

Mr Alan Cox, chief executive, said: "This is a year for caution, not a year for risks. We are going to concentrate on developing our existing businesses instead of looking at further acquisitions."

Net cash fell from £4.9m to £3.3m because a greater proportion of sales occurred in November and December.

Earnings per share fell from 30.1p to 15.4p but the single final dividend is unchanged at 9p.

Perry tumbles 47% to £2.23m

By Peggy Hollinger

PERRY GROUP, one of the UK's largest motor dealers, has maintained its dividend in spite of a 47 per cent fall in pre-tax profits to £2.23m for the year to December 31.

Mr Richard Allan, chairman, said the 9p dividend – which has been maintained since 1986 – was just covered. "We are *confident that* when the economy improves profits will improve significantly," he said. Mr Allan added, however, that so far there had been no signs of a pick up.

Losses in contract hire and *new car sales clipped both* profits and sales, which fell by 8 per cent to £301.1m. The new car division had reversed from a profit of £597,000 in 1990 to a loss of £233,000 last year. Contract hire reported a £750,000 loss beacause a large number of customers went into liquidation and returned fleet cars.

On the brighter side, Perry's remaining four divisions reported record results. Used car profits – which account for about 23 per cent of the total – rose by 20 per cent, the parts division increased its contribution by 18 per cent, the body and parts operations by 14 per cent and the service business by 4 per cent.

Mr Allan said Perry's had experienced mixed results from its seven Ford dealerships, although the parts depot had performed well. Perry, which has a total of 30 dealerships, claims about 3 per cent of Ford's UK sales.

During the year, the group spent £2.9m on new dealerships, including a Nissan outlet. Mr Allan said that figure would be reduced to £1m in 1992. "We are cutting back until we are happy the recession is behind us," he said.

Gearing rose from 24 per cent to 32 per cent, although the chairman said 1990's figure had been helped by a last minute property deal.

Earnings per share tumbled from 17.2p to 9.2p. The proposed final dividend is maintained at 6.25p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Anglia TV ....fin	6.4	May 22	6.4	9.26	9.26
Attwoods ....int	1.75†	Aug 3	1.75	-	5
Fired Earth ....int	2.4☆	Apr 3	2.4	4.025	4.025
Halstead (James).......int	4.5‡‡	June 1	4.25	-	11.25
Hornby § ....fin	9	May 19	9	9	9
Martin Currie ....fin	0.4	June 10	0.75	0.4	0.75
Molins ....fin	9.75	May 26	9	12.75	12
Perry Group ....fin	6.25	July 2	6.25	9	9
Sheafbank ....fin	0.1	May 29	0.65	0.2	0.75
Wilkes (James) ....fin	5.25	July 14	5.5	10	10

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Second interim in lieu of final. ‡‡Scrip option.

Canadian disposal for Hillsdown

By Maggie Urry

Maple Leaf Foods, Hillsdown Holdings' Canadian subsidiary, has signed a sale agreement for its edible oils division, which was originally negotiated last spring. The sale will raise C$105m (£51.2m). Hillsdown shares rose 2p to 177p.

The buyer is CanAmera Foods, a joint venture between Central Soya of Canada, a company within the Ferruzzi empire, and CSP Foods, a large oilseed crusher and refiner based in western Canada. The deal has been passed by the regulatory authorities.

Maple Leaf, 56 per cent owned by Hillsdown, the food processing company, put the business on the market in November 1990. Hillsdown decided the business, though profitable, was not a core activity.

Maple Leaf had net cash at the 1991 year end of C$151m. It also announced a joint venture with ConAgra of the US in flour milling and bakery mixes which would give it greater access to the US market.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
500	F.P.	–	548	462	Amicable Smlr Units	463		N3.1	–	0.9	–
105	F.P.	–	104	95	Avonside Group	102½	+½	1.58	2.1	7.5	8.3
–	F.P.	–	378	378	Bodycote Intl. (RFD)	378		8.75	3.0	3.1	13.9
†	F.P.	–	75	57	Capital Industries Ln	57	–1	–	–	–	–
70	F.P.	–	72	63	Fleming Inc & Cap Tst Inc	66		F4.73	–	9.5	–
100	F.P.	–	102	94	Do. Units	98		F4.73	–	6.4	–
30	F.P.	–	32½	30½	Do. Zero Div Pf	32	–½	–	–	–	–
–	F.P.	–	72	69	Headlam Group (RFD)	70		2.4	1.2	4.6	23.4
£10⅝	F.P.	–	£12¼	£10⅝	Latin Am Inc & Appr 1c	£11¼	+⅛	–	–	–	–
100	F.P.	–	99	97	Lloyds Smlr Co's Pckg Uts	97		–	–	4.8	–
38	F.P.	–	39	34	Do. Dividend	37		–	–	–	–
62	F.P.	–	62	57	Do. Capital	60		–	–	–	–
–	F.P.	–	11	¼	Multitrust Warrants	11		–	–	–	–
–	F.P.	–	104	102	Riv & Mrc Tst Inc12 1/2p	103		N9.2	–	11.9	–
–	F.P.	–	124	117	Do. Stepd Prf 12 1/2p	122½	–½	N5.6	–	6.1	–
115	F.P.	–	128	121	Roseby's	127	+1	14.3	1.7	4.5	14.6
100	F.P.	–	100	99	Templeton Emrg. Mkts. C	100		–	–	–	–
–	F.P.	–	160	158	Usher-Walker (RFD)	160		5.5	1.3	4.6	21.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	101¼p	99¼p	Bank of Ireland Units Non-Cum Prf A	99¼p	
10p	F.P.	-	10p	8p	Batte Mining 10pc (Net) Cv Prf 1994	9p	
100	F.P.	-	107½	98½	Camborne Inds 10½pc Rd Deb. 2001	105½	
100p	F.P.	-	107p	100p	Fidelity Euro Values Equity Ln 2001	107p	
105	F.P.	-	110	98	Greencore 9.5% Cnv Un Ln Stk 1995	105	
100p	F.P.	-	105¼p	98¼p	NatWest Bank 9pc Prf Series A	98¼p	-¼
650p	Nil	-	135pm	93pm	Thorn EMI Non-Int. Bearing Cv Units	93pm	-12
♣	F.P.	-	75p	68p	Wembley 6p (Net) Cv Cum Prf 1999	68p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -
12	Nil	28/4	½pm	½pm	Addison Consultancy	½pm	
410	Nil	22/4	115pm	52pm	Bespak 10p	108pm	
212	Nil	27/3	37pm	21pm	British Vita	29pm	+1
27	Nil	27/3	¼pm	¼pm	Caldwell Invs 10p	¼pm	
5	Nil	26/3	4pm	¼pm	Maddox 5p	¼pm	–¼
95	Nil	16/4	11pm	3½pm	Raine Industries 10p	3½pm	–½
215	Nil	1/5	40pm	10pm	Trinity Intl 10p	10pm	–4
4	Nil	3/4	¼pm	¼pm	West Trust	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. e Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♣ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings March 16
- Last Dealings March 27
- Last Declarations June 25
- For settlement July 6

3-month call rate indications are shown on page 11.

Calls in: AMEC, Brent Walker Pref., Higgs & Hill, Kunick, Mayborn, Ocean Wilson. Puts in: Mayborn, Mosaic, Speyhawk. Put & Call: Wembley.

NEWS DIGEST

Blue Circle £70m sale in S Africa

BLUE CIRCLE Industries, the cement and home products group, has sold its 42.3 per cent stake in a South African associate for £70m.

The purchaser is Murray & Roberts, which has been BCI's joint venture partner in the South African business since it acquired Darling & Hodgson. The two parties had been talking since November. BCI made the original investment in 1913.

It said yesterday that it preferred to be a lead shareholderin its investments and that the South African company would benefit from having one *shareholder in the driving seat*.

The investment contributed £11m to BCI's operating profit and £7m to after-tax earnings in 1991, as well as a dividend stream of £3m. Its carrying value at the December year-end was £33.8m.

The cash will initially help to reduce BCI's net debt, which stood at roughly £300m before the transaction. Shareholders' funds at the previous year-end were £949.6m, counting £90m of convertible capital bonds as equity.

Rosehaugh banks *extend loans*

Rosehaugh, the property company with borrowings of £310m, yesterday announced that its 26 banks had extended their loans until January 1994.

The debt restructuring followed the breach of its banking covenants at the end of last year. The standstill agreement reached by the banks had to be extended at the end of January.

The refinancing package has consolidated the existing facilities into one master facility, to which Barclays Bank will be agent.

The company said it believed that the agreement represented a satisfactory conclusion to the talks which began in late 1991.

Rosehaugh's shares rose from 6¾p to 9½p after the announcement. The share price of Stanhope, which has a joint venture with Rosehaugh rose from 24p to 27p. Rosehaugh Stanhope Developments, the joint venture, was not part of the refinancing agreement.

Last December, Rosehaugh announced pre-tax losses of £227m for the year to June 30.

Sheafbank incurs £993,000 loss

Sheafbank Property Trust, the property investment and financial services group, ran up a loss of £992,778 pre-tax for the year to March 1991 after taking account of an exceptional provision of £950,000.

The delayed results compared with profits of £500,891 for the 1989-90 year. The exceptional item represented a provision against the carrying value of the company's investments in financial services.

The delayed results were *due* to changes on the board which took effect following the year-end and the inclusion of audited information on major corporate investments. As a consequence, the directors are recommending that the current accounting period should cover the 15 months to end-June 1992.

Losses per share emerged at 6.19p (earnings 2.48p). A final dividend of 0.1p makes a 0.2p (0.75p) total.

James Halstead improves to £3.44m

In "very tough trading conditions" James Halstead, the floor coverings, weatherproof wear and trailers group, reported pre-tax profits of £3.44m for the half year to December 31. Profits last time were £3.34m.

*Mr Vincent Clare, the chair*man, said the core floor coverings business had maintained its share of UK and export markets and had increased its profits.

As already indicated, Belstaff International continued to incur a loss and Mr Clare said its closure should be completed by the year-end. An extraordinary £3m will be included in the full-year accounts to cover the estimated closure costs.

Earnings per share worked through at 15.56p (14.9p) and the interim dividend is lifted from 4.25p to 4.5p.

Turnover edged ahead to £28.9m (£28.2m).

Kunick tries to stop shares slide

Kunick, the amusement machine and nursing home group, yesterday tried to stop the slide in its share price by announcing there has been no change of circumstances since the company released its most recent profits warning two weeks ago.

The shares, which have been under pressure since last October, fell from 8p to 6.25p earlier this week. Yesterday they closed unchanged at 6.5p.

The company appears to be suffering from a general loss of institutional support following its warning that interim profits to end-March will be "substantially below" the £7.3m last time.

Fired Earth Tiles drops to £302,000

In what it described as the worst two years in living memory, Fired Earth Tiles, the specialist tile retailer, saw pre-tax profits fall further from £753,000 in 1990 to £302,000 last year.

Earnings per share fell from 8.56p to 3.58p, but the dividend is unchanged at 4.025p with a second interim of 2.4p. While overall turnover was little changed at £5.26m (£5.04m), sales from the Merchant Tiler shops, selling less expensive tiles, doubled to £1.8m (£900,000), with the average number of outlets rising from 6 to 10.

Martin Currie Euro net assets improve

Net asset value per share of the Martin Currie European Investment Trust rose from 282.8p to 297.2p over the 12 months ended February 28.

The improvement was due largely to a reduction from 52 per cent to 29 per cent in exposure to the "poor performing" Japanese stock market and an increase from 13 per cent to 27 per cent in the trust's weighting in Hong Kong.

Earnings declined to 1.1p (1.43p) and the dividend for the year is 0.4p (0.75p).

Wm Bedford cuts loss to £210,000

William Bedford, the USM-quoted antique dealer, cut its pre-tax loss from £259,000 to £210,000 for the 1991 year after an exceptional gain on the sale of an asset.

However the Winchester-based company said that the underlying trend showed no sign of recovery and a further loss was expected in the present six months. The first two months had shown an improvement but that was compared with the market depressed by the Gulf war.

Turnover for the year fell to £1.63m (£2.03m). The loss was higher than it would have been because of the need to make further provisions against the realisable value of slow moving stock. Losses per share came out at 2.6p (4p).

Nesco Investments edges up to £28,000

Nesco Investments, the computer systems supplier, lifted pre-tax profits from £22,000 to £28,000 for the half year to December 31 1991.

However, after tax of £16,000 and minorities of £12,000 the company just broke even. Last time there were losses per share of 0.7p.

Turnover rose marginally to £2.87m (£2.79m).

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Provisional Price for Trading on 21.03.92: Pool purchase price £/MWh	Final Prices for Trading on 20.03.92: Pool purchase price £/MWh	Final Prices for Trading on 20.03.92: Pool selling price £/MWh
0030	16.80	17.06	17.06
0100	22.83	17.10	18.49
0130	23.10	18.31	19.73
0200	23.10	18.31	19.73
0230	16.97	17.10	18.49
0300	16.80	17.09	18.48
0330	16.78	17.08	18.47
0400	16.75	17.06	17.06
0430	16.73	17.04	17.04
0500	16.73	17.02	17.02
0530	16.65	17.02	17.02
0600	16.66	17.02	17.02
0630	16.68	17.02	17.02
0700	16.88	17.02	17.02
0730	16.88	12.00	13.39
0800	16.86	17.02	17.02
0830	17.29	17.02	17.02
0900	17.04	17.06	18.45
0930	19.13	17.08	18.47
1000	19.67	17.09	18.48
1030	19.67	17.09	18.48
1100	19.13	17.10	18.49
1130	18.18	17.10	18.49
1200	17.29	17.08	18.47
1230	17.04	17.06	18.45
1300	16.86	17.05	18.44
1330	16.86	12.00	13.39
1400	16.70	17.03	17.03
1430	16.68	17.02	17.02
1500	16.68	17.02	17.02
1530	16.69	17.02	17.02
1600	16.69	17.02	17.02
1630	16.68	17.02	17.02
1700	16.73	17.05	17.05
1730	16.86	19.44	20.90
1800	16.86	19.58	21.04
1830	19.82	19.58	21.03
1900	22.79	19.58	21.03
1930	22.79	19.58	21.03
2000	22.79	19.58	21.03
2030	19.82	18.78	20.19
2100	19.82	18.78	20.19
2130	19.54	12.00	13.39
2200	19.54	12.00	13.39
2230	16.70	17.02	17.02
2300	16.68	17.01	17.01
2330	16.61	17.01	17.01
2400	16.81	17.02	17.02

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

ECONOMIC DIARY

TODAY: Independence referendum in Tatarstan. Mr Helmut Kohl, German chancellor, pays two-day visit to the United States for talks with Mr George Bush, US president.

TOMORROW: French regional elections. General elections in Thailand. Postponed general election takes place in Albania.

MONDAY: Food facts (fourth quarter). Balance of payments, current account and overseas trade figures (February). European Community environment ministers meet in Brussels. Financial Times holds two-day conference "International Packaging and the Environment" in London.

TUESDAY: Capital expenditure and stockbuilding (fourth quarter – revised). Company liquidity (fourth quarter). South Korean general elections. Conference on Security and Co-operation in Europe follow-up meeting begins in Helsinki (until March 26). Mr Chris Patten, the Conservative Party chairman, speaks at American Chamber of Commerce lunch. Connecticut presidential primary.

WEDNESDAY: Building societies monthly figures (February). New construction orders (January – provisional). US durable goods orders (February). Close of nominations for general election candidates.

THURSDAY: Insurance and pensions (fourth quarter). New vehicle registrations (February). Energy trends (January). US jobless claims; real gross domestic product (final release – fourth quarter) 1991; import/export prices (February). International Court of Justice in The Hague holds hearings in Libya's case against Britain and the US concerning the dispute over their demand for extradition of Libyans charged with blowing up a Pan Am jet over Lockerbie in 1988. European Community tranport ministers meet in Brussels. Scottish Liberal Democrats annual conference in Inverness.

FRIDAY: Confederation of British Industry publishes trends enquiry (March). US personal income (February). Heads of Commonwealth of Independent States meet in Alma-Ata. 1992 consumer congress at Leicester University (until Sunday).

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Friday March 20 1992: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Mar 19 Index No.	Wed Mar 18 Index No.	Tue Mar 17 Index No.	Year ago (approx) Index No.	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (178)	795.61	+0.4	7.97	6.00	16.34	2.55	792.73	789.42	798.25	869.82	890.04 15/3/91	675.31 16/1/91	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (23)	958.78	+1.5	7.22	6.48	18.67	0.99	944.72	936.25	952.09	1127.03	1167.75 14/3/91	820.50 23/12/91	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (28)	888.53	+0.8	8.64	8.11	16.72	2.12	881.89	876.14	890.87	1397.40	1438.66 15/3/91	822.60 23/12/91	1951.50 16/7/87	71.48 2/12/74
4	Electricals (7)	2390.97	–1.7	8.15	6.27	16.21	1.47	2433.02	2432.80	2462.51	2433.70	2675.48 1/10/91	1637.98 22/1/91	3040.80 8/9/89	84.71 25/6/62
5	Electronics (26)	1811.53	–0.7	10.00	4.73	12.67	2.20	1823.63	1822.44	1841.61	1848.08	1958.19 15/3/91	1478.08 16/1/91	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (8)	339.56	–1.0	9.97	7.65	13.05	9.52	343.14	337.50	340.57	451.20	469.23 9/4/91	313.50 14/2/92	502.42 13/6/90	313.50 14/2/92
7	Engineering-General (43)	494.82	....	9.11	4.78	13.57	1.21	494.75	494.06	498.50	463.28	506.41 10/3/92	339.57 23/1/91	506.41 10/3/92	339.57 23/1/91
8	Metals and Metal Forming (10)	337.42	....	2.05	10.15	–	0.00	337.51	335.51	335.04	478.86	509.18 3/4/91	286.67 20/12/91	596.67 9/10/87	49.65 6/1/75
9	Motors (14)	318.11	–0.1	7.44	7.39	18.38	2.90	318.40	318.30	316.22	352.69	371.25 6/9/91	266.43 16/1/91	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (19)	1608.76	+0.9	7.40	5.15	16.48	1.08	1594.91	1591.55	1613.03	1543.54	1695.01 2/9/91	1147.76 16/1/91	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (187)	1602.77	–0.5	7.49	3.52	16.36	5.83	1610.44	1614.55	1628.39	1410.70	1688.40 10/3/92	1188.45 16/1/91	1688.40 10/3/92	61.41 13/12/74
22	Brewers and Distillers (23)	2001.17	–0.6	8.07	3.62	14.91	7.92	2013.69	2033.39	2047.44	1742.67	2168.05 10/3/92	1478.24 25/1/91	2168.05 10/3/92	69.47 13/12/74
25	Food Manufacturing (18)	1238.37	–0.3	8.88	4.21	13.97	5.59	1242.04	1240.53	1254.33	1173.50	1280.89 24/2/92	1015.60 16/1/91	1280.89 24/2/92	59.67 11/12/74
26	Food Retailing (18)	2543.15	–0.4	8.67	3.30	14.98	4.06	2552.41	2541.28	2574.61	2644.24	2854.91 2/5/91	2231.21 22/11/91	2854.91 2/5/91	54.25 11/12/74
27	Health and Household (24)	4138.78	....	6.51	2.52	17.43	19.73	4138.43	4153.76	4162.60	3063.30	4654.94 14/1/92	2454.93 16/1/91	4654.94 14/1/92	175.38 28/5/80
29	Hotels and Leisure (21)	1264.27	–0.9	7.11	5.40	17.89	8.54	1276.20	1274.88	1292.85	1364.28	1405.62 2/9/91	1066.91 25/1/91	1845.77 8/9/89	54.83 9/1/75
30	Media (24)	1512.36	+0.3	6.32	3.63	19.96	2.97	1507.66	1498.69	1522.21	1433.15	1586.16 3/3/92	1166.91 16/1/91	1586.16 3/3/92	1166.91 16/1/91
31	Packaging, Paper & Printing (27)	745.83	–1.0	7.59	4.50	15.47	0.31	753.51	741.79	745.15	647.21	788.41 9/9/91	486.96 16/1/91	788.41 9/9/91	45.46 6/1/75
34	Stores (32)	1004.32	–1.4	7.37	3.60	17.99	1.91	1018.43	1027.85	1040.75	881.89	1082.38 28/2/92	766.89 29/1/91	1160.58 29/7/87	52.63 6/1/75
35	Textiles (10)	635.05	–2.0	7.22	4.90	17.66	2.69	647.95	649.57	653.38	538.78	681.56 10/3/92	396.58 28/1/91	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (117)	1175.49	–0.8	10.32	5.64	12.19	8.87	1185.19	1183.21	1195.82	1184.28	1330.48 2/10/91	961.05 16/1/91	1330.48 2/10/91	58.63 6/1/75
41	Business Services (16)	1297.09	–2.6	7.34	5.03	17.29	0.27	1332.02	1330.87	1354.40	1160.76	1451.74 16/1/92	892.28 1/2/91	1451.74 16/1/92	892.28 1/2/91
42	Chemicals (22)	1438.79	–0.3	7.29	5.08	16.78	20.02	1442.52	1449.95	1460.38	1228.29	1520.52 2/9/91	1004.02 16/1/91	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (11)	1328.46	–1.7	10.73	7.62	11.38	3.18	1351.07	1340.00	1349.88	1562.82	1626.42 14/3/91	1203.24 23/12/91	1819.46 11/8/89	975.19 10/11/87
44	Transport (14)	2330.06	–0.1	5.45	4.87	24.25	2.93	2333.25	2322.70	2348.01	2185.00	2448.16 17/1/92	1730.87 23/1/91	2554.69 12/7/89	90.80 29/6/62
45	Electricity (16)	1104.68	–1.0	15.90	6.73	8.20	17.21	1116.31	1120.40	1143.98	1132.32	1286.51 2/10/91	994.96 7/1/91	1286.51 2/10/91	994.96 7/1/91
46	Telephone Networks(4)	1323.67	–1.0	11.85	4.74	11.02	16.02	1337.60	1350.43	1360.06	1389.60	1658.67 2/10/91	1085.95 16/1/91	1658.67 2/10/91	517.92 30/11/84
47	Water(10)	2231.80	–0.9	19.11	7.12	5.77	0.00	2252.30	2242.75	2315.81	2413.27	2539.85 6/9/91	2134.33 16/1/91	2539.85 6/9/91	1820.20 1/5/90
48	Miscellaneous (24)	1863.15	+0.2	6.50	5.30	20.27	1.26	1858.82	1810.95	1813.83	1846.42	2033.42 15/8/91	1506.17 16/1/91	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (482)	1264.70	–0.4	8.44	4.62	14.80	6.01	1270.15	1270.19	1282.49	1211.57	1326.54 10/3/92	991.97 16/1/91	1326.54 10/3/92	59.01 13/12/74
51	Oil & Gas (18)	1995.42	–1.0	9.36	7.12	14.10	36.07	2015.76	2017.04	2032.18	2349.26	2509.42 23/7/91	1995.42 20/3/92	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1333.15	–0.5	8.54	4.88	14.73	8.20	1339.72	1339.85	1352.51	1308.21	1424.90 2/9/91	1092.04 16/1/91	1424.90 2/9/91	63.49 13/12/74
61	FINANCIAL GROUP (86)	692.27	–0.3	–	6.53	–	9.78	694.09	689.08	700.31	822.53	859.94 15/3/91	667.36 16/1/91	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	875.07	–0.4	4.61	6.24	46.42	21.90	878.78	866.97	881.03	893.97	990.15 6/9/91	695.08 15/1/91	990.15 6/9/91	62.44 12/12/74
65	Insurance (Life) (6)	1398.02	....	–	6.22	–	0.00	1398.80	1403.56	1419.91	1512.56	1632.53 4/9/91	1220.74 16/1/91	1632.53 4/9/91	44.88 2/1/75
66	Insurance (Composite) (7)	446.20	+1.1	–	7.80	–	3.67	441.32	431.71	439.64	695.13	728.27 15/3/91	431.71 18/3/92	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	940.40	–2.0	8.25	7.12	15.95	12.58	959.56	976.30	990.74	1156.48	1202.38 5/4/91	932.88 23/1/91	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	437.49	–0.7	–	4.74	–	2.26	440.67	445.30	447.70	426.63	498.05 15/11/91	327.70 16/1/91	547.59 12/10/87	31.21 7/1/75
69	Property (33)	677.57	–0.6	8.49	6.70	16.12	0.93	681.60	681.14	698.61	1055.61	1087.65 15/3/91	677.57 20/3/92	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (14)	236.15	+0.1	8.45	7.39	15.54	1.38	235.80	236.72	239.07	292.27	298.63 15/3/91	225.10 23/12/91	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (68)	1169.47	....	–	3.79	–	7.30	1169.35	1165.10	1169.96	1186.38	1261.80 6/9/91	947.19 16/1/91	1323.81 4/1/90	71.12 13/12/74
99	ALL-SHARE INDEX (654)	1181.44	–0.5	–	5.04	–	8.36	1186.78	1185.78	1197.76	1189.12	1284.07 6/9/91	987.46 16/1/91	1284.07 6/9/91	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Mar 19	Mar 18	Mar 17	Mar 16	Mar 13	Year ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX♦	2456.6	–11.0	2475.7	2446.9	2467.6	2464.7	2491.2	2470.7	2476.0	2440.5	2679.6 2/9/91	2054.8 16/1/91	2679.6 2/9/91	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Mar 20	Day's change %	Thu Mar 19	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (27)	121.36	+0.04	121.32	2.37	2.13
2	5-15 years (25)	132.81	–0.04	132.87	1.70	3.87
3	Over 15 years (9)	141.87	–0.07	141.97	1.68	2.78
4	Irredeemables (6)	158.29	+0.12	158.10	3.03	1.50
5	All stocks (67)	131.66	–0.02	131.68	2.00	3.17
	Index-Linked					
6	Up to 5 years (2)	169.89	+0.06	169.80	0.37	1.37
7	Over 5 years (9)	145.21	–0.27	145.60	0.63	1.20
8	All stocks (11)	147.48	–0.22	147.81	0.59	1.21
9	Debs & Loans (62)	115.94	–0.24	116.21	2.45	2.39

	AVERAGE GROSS REDEMPTION YIELDS		Fri Mar 20	Thu Mar 19	Year ago (approx.)	1991/92 High	1991/92 Low
	British Government						
1	Low	5 years	9.19	9.17	9.39	10.14 16/1/91	8.42 12/11/91
2	Coupons	15 years	9.55	9.55	9.68	10.24 2/1/91	9.08 27/2/92
3	(0%–7¾%)	20 years	9.55	9.55	9.83	10.26 2/1/91	9.08 27/2/92
4	Medium	5 years	9.96	9.94	10.19	11.15 2/1/91	9.34 27/2/92
5	Coupons	15 years	9.67	9.66	10.09	10.62 2/1/91	9.14 27/2/92
6	(8%–10¾%)	20 years	9.62	9.60	10.03	10.50 2/1/91	9.11 27/2/92
7	High	5 years	10.18	10.17	10.34	11.25 2/1/91	9.57 27/2/92
8	Coupons	15 years	9.82	9.79	10.26	10.80 2/1/91	9.23 27/2/92
9	(11%–)	20 years	9.73	9.70	10.21	10.67 2/1/91	9.17 27/2/92
10	Irredeemables	†	9.73	9.73	10.01	10.46 2/1/91	9.28 27/2/92
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	3.76	3.72	3.88	4.48 15/7/91	3.52 4/3/92
12	Inflation rate 5%	Over 5 yrs.	4.53	4.50	4.20	4.53 20/3/92	4.09 18/2/91
13	Inflation rate 10%	Up to 5 yrs.	3.04	3.10	2.33	3.60 9/7/91	2.13 21/2/91
14	Inflation rate 10%	Over 5 yrs.	4.34	4.33	4.01	4.34 20/3/92	3.90 12/4/91
15	Debs &	5 years	11.19	11.15	11.86	12.63 9/1/91	10.77 12/2/92
16	Loans	15 years	10.90	10.86	11.63	12.38 18/1/91	10.59 12/2/92
17		25 years	10.75	10.70	11.44	12.16 18/1/91	10.44 27/2/92

♦Opening Index 2471.7; 9 am 2469.8; 10 am 2472.8; 11 am 2473.8; Noon 2469.8; 1 pm 2461.7; 2 pm 2456.9; 2.30 pm 2455.3; 3 pm 2448.7; 4.10 pm 2455.8; (a) 10.41am (b) 2.56pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-925 2323. CONSTITUENT CHANGES: ADDITION: Park Food Group (26); DELETION: Pickwick Group (29).

TRADITIONAL OPTION 3-month call rates

	p
■ INDUSTRIALS	
Allied-Lyons	49
Amstrad	5½
Astec (BSR)	3
BAT Inds	50
BOC	49
BTR	32
Barclays	30
Blue Circle	20
Boots	33
Bowater	58
Brit Aerospace	30
British Steel	6
Brit Telecom	24
Cadburys	33
Charter Cons.	37
Comm Union	32
Courtaulds	39
Eurotunnel	34
FKI	5½
FNFC	5
Forte	18
GKN	26
Gen Accident	31
GEC	15
Glaxo	59
Grand Met	70
GRE	10
Hanson	15
ICI	90
Ladbroke	17
Legal & Gen	27
Lex Service	16
Lloyds Bank	29
Lonhro	15
Lucas Inds	10½
Marks Spencer	24
Midland Bank	19
NatWest Bank	23
P & O Dfd	30
Racal Elect	5
RHM	16
Rank Org	52
Ratners	3
Reed Intl	39
Sears	8
Smkl Bchm A	65
TI	48
TSB	9½
Tesco	19
Thorn EMI	58
T & N	11½
Unilever	70
Vickers	12
Wellcome	72
■ PROPERTY	
Brit Land	18
Land Sec.	32
MEPC	28
Mountleigh	1½
■ OILS	
Aviva Pet	30
BP	21
Burmah Castrol	38
Conroy Pet	8
Gaelic Res	½
Premier Cons	2½
Shell	33
Tuskar Res	½
■ MINES	
RTZ	42

Because of technical problems at source the London Traded Options table was not available for this edition.

INTERNATIONAL COMPANIES AND FINANCE

Nestlé says Perrier fight may end in a few weeks

By Ian Rodger in Zurich

NESTLE, the Swiss foods group, said its bitter takeover battle with Italy's Agnelli family for Source Perrier, the French mineral water and cheese group, could be resolved within the next few weeks.

"Now that the legal situation has been cleared and that some signals have come from the other side, I would not exclude that the resolution of this matter could well happen in the next few weeks," a Nestlé spokesman said yesterday.

He was responding to a newspaper report quoting an Agnelli official as saying: "We have seen where the political will lies in France, and there is not much point in fighting that." The Nestlé spokesman said this was one of many indications that the Agnelli camp was thinking that the time had come to change their approach.

In late January, Nestlé, the world's largest food group, bid FFr1,475 per share for Perrier, valuing the company at FFr13.42bn ($2.36bn).

The bid countered an attempt by Agnelli companies to gain control of Perrier indirectly by buying companies that held large blocks of Perrier shares. Since then, Nestlé has won court battles in France aimed at obstructing the Agnelli approach.

Also, the French stock market authorities have ruled that the Agnelli group must make an offer to all Perrier shareholders, not just to a few.

Meanwhile, Nestlé reported yesterday that its consolidated net profit rose 8.7 per cent last year to SFr2.47bn on sales up 8.9 per cent to SFr50.5bn.

The directors have recommended a dividend increase to SFr215 from SFr200 per share, and to SFr43 from SFr40 per bearer participation certificate.

The group said that in spite of worsening economic conditions in many countries, sales volume grew by 4 per cent. The trading margin showed a slight improvement to 10.1 per cent.

The results were close to analysts' expectations in most respects, but there was apparently disappointment that the group did not announce plans to split its shares.

That, according to one Zurich analyst, was the reason the bearer shares jumped SFr100 on the statement to SFr9,620, but then settled back almost immediately to SFr9,550.

Nestlé said it intended to split its bearer and registered shares, 10 for one, as soon as possible. A Swiss law permitting such a change comes into effect on July 1, but the group was still clarifying the process it had to follow to comply with the law.

No decision had been reached on converting the participation certificates into shares or on consolidating the capital into a single class of shares. The group said neither issue was urgent now that there was no difference in the rights attaching to its two classes of shares.

Mr Ramon Masip, executive vice-president and head of the regional management for Europe, was promoted to president of the general management group in the food sector. However, Mr Helmut Maucher, remains chairman and chief executive officer. Mr Maucher, who is 64, has made clear that he has no plans to retire.

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Further fall in profits expected by Thyssen

By Andrew Fisher in Frankfurt

THYSSEN, the German steel and engineering group, expects profits to show a further decline this financial year to September 30, 1992, Mr Heinz Kriwet, the chief executive, told yesterday's annual meeting.

World economic conditions had become even more difficult than last year, while west Germany was experiencing a slowdown after its longest upturn ever, he said.

While there were signs of a pick-up in east Germany, where Thyssen last year achieved 3 per cent of turnover, this recovery was still very patchy.

Mr Kriwet took solace in the fact that other companies in the same sectors were doing even worse than Thyssen, which last year suffered a drop of 25 per cent in net profit to DM520m ($315m) on turnover which edged up by 1 per cent to DM37bn. It is holding its dividend at DM10 a share.

In the first five months of 1991-1992, Thyssen's turnover was 1 per cent higher at around DM15bn, with the order inflow 4 per cent higher. However, Mr Kriwet said these figures had been influenced by some large orders.

Because of the short-term nature of the steel and special steels business, as well as some of the group's trading activities, it was not possible to give a reliable estimate of this year's profits.

But he said: "The annual result will very probably be markedly lower than in the past financial year."

Rémy lines up a world class list

Philip Rawstorne examines the drinks group's expansion strategy

The restructuring of Rémy Cointreau, the family-controlled French cognac, champagne and liqueurs company, to be completed shortly with a public offering of 20.8 per cent of shares, will consolidate Rémy's position among the leading international drinks groups.

Rémy will emerge as a diversified drinks business with turnover of FFr6.5bn ($1.15bn) and profits of FFr214m. Some 20 years ago, the original Rémy Martin cognac company had turnover of FFr72m and profits of FFr4.5m.

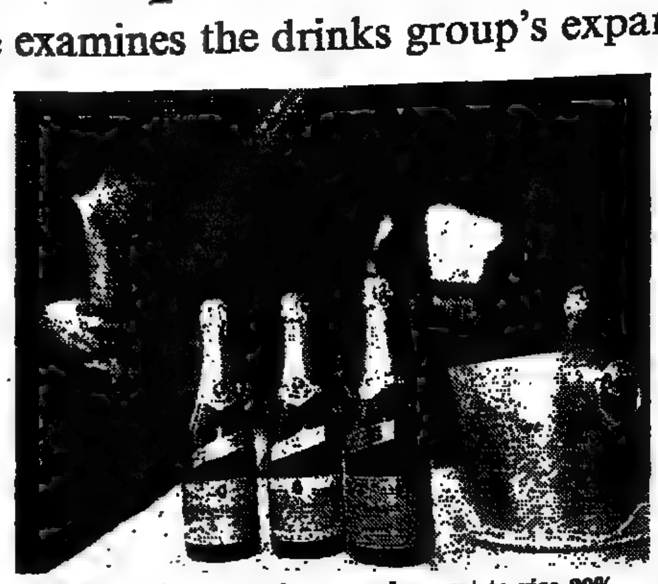
Rivalry between the related Hériard Dubreuil and Cointreau families, which has hampered the development of the group, was resolved two years ago when Mr Max Cointreau's family sold its stakes in both Rémy Martin and Cointreau to Grand Metropolitan, the UK drinks, food and retailing group.

The £100m deal enabled the Dubreuil family to merge the Rémy and Cointreau businesses – and the group will now buy back the GrandMet holding for £120m ($207.6m) over the next three years.

The deal also greatly simplifies the maze of interlocking interests which has characterised the group's structure.

After the public share offer, the Dubreuil family's holding company, Orpar, will have 51 per cent of Rémy Cointreau's equity. The rest of the shares will be publicly held via stock market listings in Paris and Frankfurt.

Marc and François Hériard Dubreuil, the brothers who run the group, will oversee three operating divisions – covering cognac, champagne, and wines and spirits – and one of the most extensive, wholly-owned international distribution networks.



Bubbling business: earnings per share set to rise 20%

"The company that controls its distribution, controls its independence," says François Hériard Dubreuil. The strength of the network built up by Rémy has been a crucial factor in its development.

Despite the restricting family squabbles, it has enabled the brothers in recent years to extend their drinks portfolio from its cognac base by adding Piper Heidsieck and Charles Heidsieck champagnes to their existing prestigious champagne house, Krug.

They have acquired Mount Gay rum from Barbados, St James rum from Martinique, and Galliano liqueurs from Italy.

Distribution of third-party brands includes Absolut vodka, Campari bitters, Jim Beam bourbon, Domecq sherries, Drambuie liqueurs, and French, Italian, Californian, and Australian wines.

Towards the end of 1990, the brothers tied up a marketing and distribution deal with Highland Distilleries, maker of The Famous Grouse, the UK's second best-selling Scotch whisky, and acquired a 26 per cent stake in Macallan-Glenlivet, another Scotch distiller. Export volume sales of Famous Grouse rose last year by 16 per cent against an overall industry decline of 3 per cent.

Following the example of Guinness and LVMH, the relationship is cemented with cross-shareholdings. Highland holds convertible bonds equivalent to a 30 per cent share in Orpar, and Orpar may raise its present 2 per cent stake in Highland to 10 per cent.

Wines and spirits now account for 48 per cent of Rémy Cointreau's turnover, cognac for 40 per cent, and champagne for 8 per cent.

The network, into which the distribution of Cointreau will be fully integrated over the next two months, gives an even geographical spread to the business. Last year, France accounted for 25 per cent of turnover, the rest of Europe 35 per cent, Asia/Pacific for 24 per cent and North America for 17 per cent.

Few potential customers are neglected – distribution even reaches into the Pacific islands of Guam and Saipan to target Japanese holidaymakers.

The group is now looking towards eastern Europe. "St Petersburg was our biggest market at the turn of the century," Marc Hériard Dubreuil muses.

More than half the group's 3,000 employees are engaged in sales and marketing, and the business is tightly focused on premium quality and price.

The Dubreuil brothers have no immediate plans to acquire more brands. The FFr1.2bn expected from the public share offer will be used to reduce borrowings presently standing at FFr7bn.

Development of the existing drinks portfolio and more effective use of distribution is expected to increase earnings per share by more than 20 per cent this year and by about the same amount next year. Profits are forecast to rise this year to FFr261m from FFr214m, and to FFr313m in 1993.

The brothers, who have long been concentrating their cognac business into the VSOP and higher categories, believe firmly in the reliability of the long-term trend for consumers everywhere to "drink less, but drink better".

Marc says: "We are selling products which are perceived as luxuries but which a growing number of people can afford. A bottle of Rémy Martin VSOP is less expensive than a tankful of petrol."

Bekaert expects BFr15bn for stake

By Andrew Hill in Brussels

BEKAERT, the Belgian producer of steel cord and wire, believes it could raise more than BFr15bn ($435m) through the sale of a 49 per cent stake in its Japanese joint venture Bridgestone-Bekaert Steel Cord – three times the book value of the holding.

Bekaert announced yesterday that it was bowing to pressure from its other tyre-making customers and ending its 22-year-old joint venture with Bridgestone Corporation, the Japanese tyre manufacturer.

Bridgestone-Bekaert, which generates profit of Y5bn annually on turnover of Y40bn, makes steel cord for rubber reinforcement and sells about 80 per cent of its production in Japan.

Mr Willy Snaet, a Bekaert vice-president, said yesterday: "When Bridgestone decided to take over Firestone [the US tyre manufacturer] recently, it moved from being local to international and the relationship we had was jeopardising our relationship with other customers."

"It's a sign of the problems that they have in such a concentrated industry," added Mr Sebastian Scotney, a Belgian market analyst with Dillon Read of London.

Bridgestone-Bekaert will become an independent company and Bekaert's shares will gradually be sold to new investors on the Tokyo OTC market during 1993. Mr Snaet said the Belgian group would probably not retain a stake in the joint venture.

The Bridgestone-Bekaert stake is valued in Bekaert's net consolidated accounts at just over BFr5bn. Although he stressed that the value would depend on stock market conditions, Mr Snaet estimated that given the high price-earnings ratios on the Tokyo market, the whole company could be worth between BFr30bn and BFr36bn.

Analysts said such estimates should be treated with caution. They also pointed out that some of the proceeds would have to offset the unspecified cost to Bekaert of buying its outstanding minority stake in Bekaert Dyersburg Steel Cord – a US subsidiary which was partly owned by Bridgestone-Bekaert – in a deal announced last October.

On Monday, Bekaert is expected to announce a net consolidated loss for 1991 following another difficult year, and may only just cover its dividend payout with earnings.

St Paul Cos may float part of Nuveen unit

THE St Paul Companies, the US property/casualty insurer, yesterday said it might make an initial public offering of a minority stake in Nuveen, writes Karen Zagor in New York.

Chicago-based Nuveen is the oldest and largest investment banking and asset management firm specialising in the underwriting, trading and marketing of municipal bonds and tax-free investment products. Its assets under management increased four-fold in the last five years while annual sales doubled.

The St Paul Companies said yesterday if a decision is made to go ahead with an offering, it will be announced in the next few weeks.

Minnesota-based St Paul Companies also owns Minet Holdings of the UK.

Elsevier sees further advance

ELSEVIER, the Dutch publisher, reported a 20 per cent rise in 1991 trading profit and forecast a further rise in both net and operating profit in 1992, writes Ronald van de Krol in Amsterdam.

Trading profit, which does not include contributions from associated companies or interest income, totalled Fl 466.3m ($249.3m), compared with Fl 387.5m in 1990.

Net profit fell to Fl 384.8m from Fl 506.9m the year before, when results were swollen by extraordinary gains from Elsevier's sale of a 33 per cent stake in fellow Dutch publisher Wolters Kluwer. Operating profit, as earlier predicted by the company, was up 11 per cent at Fl 380.3m.

Net turnover rose by 10.8 per cent to Fl 2.27bn.

Elsevier said it would raise its 1991 dividend by Fl 0.15 to Fl 2.25. It forecast that net profit will grow by a minimum of 25 per cent in 1992.

The company said its purchase in 1991 of Pergamon, the UK-based scientific publisher, from Maxwell Communication Corp was a significant factor behind last year's profit gains.

Another major event in 1991 was the disposal of its minority cross-shareholding with Pearson, the UK publishing and banking group which owns the Financial Times.

BA joins German banks in deal

By Paul Betts, Aerospace Correspondent

BRITISH Airways has, with three German partner banks, acquired Delta Air, a German commuter airline, to consolidate its position in the domestic German air travel market.

Delta Air, which has no connection with Delta Air Lines, the US carrier, will form the operating base of Deutsche BA, the joint airline company set up by BA last year with Commerzbank, Berliner Bank and Bayerische Vereinsbank.

The three banks own 51 per cent of Deutsche BA, with the UK carrier controlling the remaining 49 per cent. The company was set up as a vehicle to enable BA to maintain its presence in the domestic German market.

BA has traditionally had a strong presence in the German market since the second world war with its Internal German Services (IGS), based in Berlin.

But following German unification two years ago, it has been forced by the German authorities to run down its IGS activities.

IGS operates 92 scheduled flights a week on five routes from Berlin but will have to cease all its operations by the summer of 1993.

To continue operating in the German market, the UK carrier had to establish a new airline majority owned by German interests. "Delta Air will help us build up the operating base for the new German company," BA said yesterday.

The UK carrier did not disclose how much Deutsche BA was paying for the commuter carrier, which operates 10 turbo-propeller aircraft including 9 Saab 340s and one Dornier 228.

But Deutsche BA plans to acquire an unspecified number of Boeing 737-300 twin-engined airliners to develop its German network.

Delta Air carried 225,000 passengers last year on domestic German routes as well as serving international destinations including Brussels, Zurich, Paris and Basle.

The commuter carrier based at Friedrichshafen by Lake Constance was set up in Germany by Crossair, the Swiss regional carrier.

The Deutsche BA acquisition coincides with moves by Lufthansa, the German flag carrier, to consolidate its own position in its domestic market.

Lufthansa has taken an option to acquire up to half of the voting capital of Aero Lloyd, the German charter airline.

Aero Lloyd is understood to have also had discussions with BA and Delta Air Lines.

Moulinex climbs 11% to FFr149m

MOULINEX, one of Europe's leading makers of small household equipment, yesterday reported an 11.2 per cent rise in net profits for 1991, writes William Dawkins in Paris.

Reported profits rose to FFr149m ($26m) from FFr134m on sales up to FFr8.35bn from FFr5.96bn, including the first contribution from Krups, the German producer of coffee machines and blenders which Moulinex bought in January last year.

As expected, the financing costs of the Krups takeover meant the German acquisition diluted Moulinex's earnings in its first year, though the French group said Krups was profitable before interest charges.

Stripping out Krups, net earnings rose by 14.9 per cent to FFr154m while sales increased 12 per cent to FFr5.68bn.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991/92	Low 1991/92
Gold per troy oz.	$339.05	-7.95	$362.65	$400.25	$345.25
Silver Per troy oz	243.53p	+3.39	222.85p	280.55p	183.85p
Aluminium 99.7% (cash)	$1297.5	+15	$1479	$1570	$1082.5
Copper Grade A (cash)	£1300.5	+2	£1352.50	£1472	£1147.0
Lead(cash)	£307.00	+9.25	£337.75	£382.5	£279.00
Nickel (cash)	$7375	-70	$8237.50	$9237.5	$7090.0
Zinc SHG (cash)	$1222	-8	$1209	$1430	$890.25
Tin (cash)	$5625	+15	$5490	$5915	$5425.0
Cocoa Futures (May)	£690	+14	£872	£829	£595
Coffee Futures (Mar)	£506	+25	£597	£620	£456
Sugar (LDP Raw)	$212.8	+0.7	$224.20	$293	$194
Barley Futures (May)	£117.15	+1.65	£117.50	£122.95	£107.75
Wheat Futures (May)	£127.00	-0.15	£132.00	£141.10	£111.80
Cotton Outlook A Index	55.50c	+0.9	83.25c	86.25c	54.40c
Wool (64s Super)	452p	-20	334p	480p	329p
Oil (Brent Blend)	$17.775x	+0.025	$18.70	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-May.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.80-5.90z	-0.05
Brent Blend (dated)	$17.60-7.65	-0.05
Brent Blend (May)	$17.75-7.80	-0.10
W.T.I. (1 pm est)	$19.15-9.20z	-0.15
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$196-199	
Gas Oil	$164-165	+3
Heavy Fuel Oil	$72-73	-0.5
Naphtha	$165-166	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$339.05	+2.2
Silver (per troy oz)♣	414.0c	+12
Platinum (per troy oz)	$352.35	+6.1
Palladium (per troy oz)	$84.25	+0.5
Copper (US Producer)	106.10c	
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.27r	+0.08
Tin (New York)	261.0c	+1
Zinc (US Prime Western)	62c	
Cattle (live weight)†	108.58p	+0.57*
Sheep (live weight)†♣	101.45p	+1.69*
Pigs (live weight)†	97.07p	+1.36*
London daily sugar (raw)	$212.8v	+0.3
London daily sugar (white)	$272.5v	+1
Tate and Lyle export price	£232.5	+1
Barley (English feed)	£121.5	
Maize (US No. 3 yellow)	£146.0	
Wheat (US Dark Northern)	Unq	
Rubber (Apr)♥	54.75p	+0.75
Rubber (May)♥	55.00p	+0.75
Rubber (KL RSS No 1 Mar)	214.0m	+1
Coconut oil (Philippines)§	$627.5v	+2.5
Palm Oil (Malaysian)§	$405w	
Copra (Philippines)§	$415.0w	-20
Soyabeans (US)	£158.0q	
Cotton "A" index	55.50c	+.35
Wooltops (64s Super)	452p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jun/Jly u-Jan/Mar v-Apr/May y-Feb/Mar w-Apr z-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	187.40	186.40	187.40 187.00
Aug	190.40	190.00	189.00
Oct	191.00	191.40	190.00
White	**Close**	**Previous**	**High/Low**
May	270.1	268.0	270.0 268.0
Aug	270.5	269.7	270.1 269.0
Oct	262.4	261.6	261.5 261.0

Turnover: Raw 287 (175) lots of 50 tonnes. White 2010 (1029)
Paris- White (FFr per tonne): May 1539.42 Aug 1562.25

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
May	17.70	17.98	18.10 17.67
Jun	17.85	18.05	18.13 17.85
Jul	17.90	18.00	18.08 17.90
Aug	18.07	17.94	18.07 18.00
Sep	17.98	17.97	18.04 17.96
Oct	18.04	17.98	18.04 17.94
Dec	17.92		17.95 17.92
Jan	17.90		17.90
IPE Index	17.88	17.64	

Turnover 14000 (13201)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low
Apr	163.25	160.00	163.50 161.00
May	164.25	161.50	164.75 162.50
Jun	165.50	163.00	166.00 164.50
Jul	167.50	164.75	167.50 166.25
Aug	169.25	166.75	169.25 167.50
Sep	170.75	168.50	171.00 169.75
Oct	173.00	171.00	173.00 171.50
Nov	173.75	172.75	173.50 173.25

Turnover 9088 (11288) lots of 100 tonnes

SPICES

Most spice prices remained steady except for cloves, which came down rapidly after export duties were abolished in Madagascar, reports Man-producten. Early this week Madagascar cloves were offered at between $1,325 and $1,350 a tonne cif, but by the end of the week sellers were looking for bids at $1,125 to $1,150. Cassia: some demand from factories which are starting to cover their autum needs. Pimento: steady, $2,450 ex-warehouse Rotterdam. Another official price increase expected. Small lots Mexico pimento are offered at $2,350 cif for immediate delivery. Market for chillies remains hot.

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
Mar	670	656	670
May	690	680	[illegible]
Jul	717	709	721 712
Sep	741	732	745 737
Dec	775	766	779 770
Mar	807	798	810 805
May	825	817	828 825
Jul	844	836	844
Sep	866	858	866 861

Turnover: 5958 (5494) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar.19 831.09 (826.36) 10 day average for Mar.20 825.79 (825.57)

COFFEE – London FOX ($/tonne)

	Close	Previous	High/Low
Mar	865	862	868 852
May	878	874	889 865
Jul	892	887	900 880
Sep	905	912	914 895
Nov	919	931	930 925
Jan	940	950	940

Turnover: 8282 (6151) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar.19: Comp. daily 58.13 (57.58) 15 day average 56.28 (56.03)
Sterling close: March £506

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low
Apr	112.5	111.5	112.3 110.5
May	125.0	127.5	127.5 124.5
Apr	128.0	129.8	129.0 127.8

Turnover 149 (316) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)

	Close	Previous	High/Low
Jun	126.00	125.00	126.00
Aug	130.00	128.00	130.00

Turnover 30 (20) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)

	Close	Previous	High/Low
Mar	1221	1242	1236 1220
Apr	1277	1310	1301 1270
May	1270	1295	1290 1261
Jul	1118	1139	1120 1110
Oct	1268	1278	1270 1260
Jan	1290		1290
BFI	1215	1223	

Turnover 361 (228)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High/Low
Mar	124.70	124.45	124.25
May	127.00	126.50	127.00 126.50
Jun	128.80	128.70	128.70
Sep	113.15	113.05	113.10 113.00
Nov	116.35	116.25	116.40 116.15
Jan	120.10		119.90
Mar	123.40		123.15 123.05
Barley	**Close**	**Previous**	**High/Low**
Mar	114.90		115.50 115.25
May	117.15	117.50	117.25
Sep	108.90		108.10 108.00
Mar	119.15		119.60

Turnover: Wheat 179 (155), Barley 32 (10).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
May	123.0	119.5	125.0 122.6
Apr	125.0		124.3 122.5
May	121.0		121.0 120.0
Jun	117.8	116.5	117.4 117.0
Jul	111.5	111.5	111.5 111.4
Aug	108.5	108.5	108.9

Turnover 92 (27) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 22,458 lots
Cash	1297-8	1303-5		1304-5		
3 months	1322-3	1328-30	1336/1322	1329-9.5	1325-6	175,453 lots
Copper, Grade A (£ per tonne)						Total daily turnover 14,821 lots
Cash	1302-3	1301.5-2.5	1301.5/1301	1301-1.5		
3 months	[illegible]	[illegible]	1331/1327	1327-7.5	1327-8	108,942 lots
Lead (£ per tonne)						Total daily turnover 2,316 lots
Cash	306.5-7.5	307-7.5		306.25-6.75		
3 months	317.5-8	318-9	322/317.5	318.5-8.75	318.25-8.5	15,753 lots
Nickel ($ per tonne)						Total daily turnover 4,431 lots
Cash	7370-80	7370-80		7380-90		
3 months	[illegible]	7455-65	7475/7465	7467-70	7460-70	23,910 lots
Tin ($ per tonne)						Total daily turnover 1,087 lots
Cash	5620-30	5590-600		5607-10		
3 months	[illegible]	5625-30	5665/5640	5645-50	5640-5	5,791 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 7,503 lots
Cash	1221-3	1228-30	1227.5	1227.5-8		
3 months	1230-1	1236-7	1240/1230	1235-5.5	1234-5	49,636 lots

LME Closing £/$ rate: SPOT: 1.7063 3 months: 1.6799 6 months: 1.6575 9 months: 1.6370

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	338.90-339.20	
Opening	338.85-339.15	
Morning fix	337.80	197.855
Afternoon fix	338.80	198.070
Day's high	339.40-339.70	
Day's low	337.20-337.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.56	6 months	3.65
2 months	3.55	12 months	3.84
3 months	3.55		

Silver fix	p/fine oz	US cts equiv
Spot	238.85	410.00
3 months	246.20	414.35
6 months	252.75	419.20
12 months	265.30	430.35

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	338.00-340.00	196.75-199.25
Maple leaf	350.00-351.00	205.00-205.50
New Sovereign	83.00-84.00	48.75-49.25

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jun	May	Jun
1250	110	129	5	8
1300	46	59	31	36
1350	11	19	85	90
Copper (Grade A)	**Calls**		**Puts**	
2150	82	90	7	14
2200	21	31	45	54
2250	5	7	125	128
Coffee	**May**	**Jul**	**May**	**Jul**
850	37	65	9	24
900	11	38	33	47
950	2	22	74	81
Cocoa	**May**	**Jul**	**May**	**Jul**
700	26	41	11	24
725	14	29	24	37
750	3	20	[illegible]	53
Brent Crude	**May**	**Jun**	**May**	**Jun**
1750			14	39
1800	35	67	31	55
1850	18	45		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Mar	338.2	338.8	0	0
Apr	338.5	339.1	[illegible]	338.2
May	339.5	340.1	[illegible]	339.5
Jun	340.8	341.2	[illegible]	340.3
Aug	342.9	343.6	343.4	342.7
Oct	345.3	345.9	0	0
Dec	347.9	348.5	349.2	347.7
Feb	350.6	351.1	351.8	350.2
Apr	353.3	353.8	353.8	353.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Mar	350.8	350.8	0	0
Apr	351.2	350.0	353.0	350.0
Jul	349.9	348.5	351.3	349.0
Oct	353.4	352.0	355.5	354.0
Jan	353.4	352.0	354.0	354.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Mar	411.1	412.1	412.5	409.0
Apr	411.8	412.8	0	0
May	413.2	414.2	415.5	408.5
Jul	416.8	417.5	419.0	413.0
Sep	420.8	421.4	422.5	417.5
Dec	426.7	427.4	428.5	423.0
Jan	428.8	429.2	0	0
Mar	433.4	433.9	435.0	432.0
May	438.4	438.7	0	0
Jul	443.3	443.6	443.0	443.0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	8.44	8.43	8.45	8.40
Jul	8.50	8.49	8.50	8.45
Oct	8.55	8.54	8.56	8.53
Mar	8.68	8.66	8.69	8.65
May	8.73	8.70	0	0
Jul	8.75	8.74	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Mar.20	Mar. 19	mnth ago	yr ago
1623.2	1616.7	1608.3	1721.9

DOW JONES (Base: Dec. 31 1974 = 100)

	Mar.19	Mar.18	mnth ago	yr ago
Spot	118.29	118.14	119.46	124.78
Futures	122.36	122.17	122.61	129.42

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	101.00	102.15	101.80	100.80
Apr	101.00	102.15	101.30	101.00
May	100.80	101.95	101.80	100.70
Jun	100.65	101.75	100.75	100.70
Jul	100.45	101.60	101.30	100.45
Aug	100.30	101.25	100.90	100.50
Sep	100.15	101.15	100.70	100.25
Oct	100.05	101.00	100.25	100.25
Nov	99.95	100.90	100.15	100.15
Dec	99.80	100.80	100.25	100.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Apr	18.95	19.29	19.38	18.90
May	19.14	19.47	19.55	19.08
Jun	19.24	19.52	19.58	19.16
Jul	19.26	19.52	19.58	19.16
Aug	19.25	19.48	19.53	19.23
Sep	19.18	19.40	19.44	19.15
Oct	19.13	19.36	19.40	19.10
Nov	19.12	19.33	19.32	19.13
Dec	19.10	19.31	19.35	19.07
Jan	19.22	19.25	19.23	19.20

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Apr	5345	5431	5475	5325
May	5280	5359	5380	5240
Jun	5210	5301	5320	5205
Jul	5250	5325	5340	5235
Aug	5310	5390	5410	5310
Sep	5490	5510	5525	5460
Oct	5555	5615	5615	5545
Nov	5640	5710	5705	5640
Dec	5730	5805	5805	5730
Jan	5770	5835	5840	5760

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1076	1069	1078	1057
Jul	1113	1106	1117	1106
Sep	1149	1143	1150	1142
Dec	1191	1186	1191	1182
Mar	1233	1220	1228	1225
May	1269	1250	0	0
Jul	1288	1274	1280	1280
Sep	1322	1308	1305	1304
Dec	1357	1343	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	74.10	74.60	75.20	73.30
Jul	76.00	76.15	77.00	75.25
Sep	77.95	78.50	79.00	77.50
Dec	81.25	81.70	82.90	80.75
Mar	84.75	85.00	84.90	84.75
May	88.10	88.75	87.50	87.50
Jul	90.85	89.75	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	58.83	58.84	57.40	58.15
Jul	58.14	58.25	58.95	57.55
Oct	59.75	59.93	60.30	59.70
Dec	60.55	60.60	60.95	60.32
Mar	61.95	62.20	62.25	61.75
May	62.45	62.70	0	0
Jul	62.90	63.20	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	143.55	141.10	143.75	141.40
Jul	140.95	138.45	140.95	138.75
Sep	132.50	130.00	132.50	131.00
Nov	123.25	122.50	123.95	123.00
Jan	123.00	122.00	122.70	122.00
Mar	122.75	121.75	122.25	121.75
May	122.75	121.75	0	0
Jul	122.75	121.75	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	594/0	593/0	595/2	592/6
May	585/4	599/0	601/6	584/0
Jul	594/6	608/2	611/0	594/0
Aug	599/6	612/2	615/0	599/4
Sep	602/0	615/2	618/4	601/4
Nov	610/2	623/4	626/4	607/0
Jan	618/0	633/0	635/0	618/0
Mar	628/0	642/0	643/0	626/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	20.25	20.11	20.32	20.14
May	19.78	20.27	20.53	19.78
Jul	20.07	20.56	20.84	20.05
Aug	20.25	20.73	21.00	20.25
Sep	20.37	20.90	21.12	20.37
Oct	20.41	21.00	21.27	20.40
Dec	20.80	21.32	21.57	20.76
Jan	20.90	21.35	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	179.2	179.2	179.6	178.7
May	179.2	181.6	182.4	179.0
Jul	182.1	184.6	185.5	181.0
Aug	183.0	185.8	186.3	182.6
Sep	184.6	186.7	187.4	183.5
Oct	198.9	201.5	202.0	198.5
Dec	200.1	203.0	204.0	200.0
Jan	201.0	203.3	204.5	201.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	267/4	264/6	268/0	266/2
May	270/2	271/0	274/2	270/0
Jul	275/2	275/6	278/6	275/0
Sep	268/0	268/4	271/4	268/0
Dec	264/0	264/4	267/0	263/6
Mar	271/0	271/2	273/4	270/6
May	274/4	275/0	277/0	274/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	396/0	393/4	403/4	396/0
May	369/2	368/6	398/4	369/0
Jul	371/4	372/6	378/4	371/0
Sep	375/4	375/6	381/6	375/0
Dec	384/2	384/2	390/0	384/0
Mar	386/0	386/0	392/0	386/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	77.750	77.575	77.800	77.400
Jun	73.875	73.350	73.900	73.300
Aug	69.875	69.550	69.800	69.500
Oct	69.700	69.425	69.775	69.300
Dec	69.775	69.500	69.875	69.500
Feb	69.250	69.025	69.400	69.250
Apr	70.100	70.050	70.550	70.100

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	40.725	40.675	41.050	40.675
Jun	46.350	46.250	46.500	46.000
Jul	46.125	46.050	46.400	45.950
Aug	44.525	44.375	44.850	44.200
Oct	41.450	41.450	41.600	41.250
Dec	44.550	44.700	[illegible]	44.525
Feb	45.750	45.675	[illegible]	45.650
Apr	43.200	43.050	43.200	43.050

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	37.600	36.475	37.700	37.000
May	38.675	37.625	38.800	37.850
Jul	39.075	38.300	39.125	38.450
Aug	37.225	36.425	37.675	[illegible]
Feb	48.900	48.600	48.900	48.300
Mar	47.900	47.600	47.900	0
May	50.000	50.000	0	0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar breaches new barrier

THE DOLLAR broke out of its recent narrow band, breaching DM1.68 in brisk late trading after chipping away at the barrier all day, *writes Neil Buckley*.

Dealers said the market had been daunted by rumours of a large sell order at DM1.6780. These orders were either filled or taken out, and the dollar suddenly surged through this level in late afternoon.

It closed at around DM1.6825/35, after an Asian close of DM1.6725/32, and at Y134.40/50, from Y133.71.

The rise surprised many dealers who had predicted that the dollar would spend the next week or two in a consolidative phase, restricted to the DM1.6350-DM1.6720 range.

However, determined buying by a handful of speculators, notably a south-east Asian central bank and a Middle East investor, sparked off a rally. This was backed by a strong Philadelphia Fed survey of business confidence, which leapt from -0.9 to +18.9.

The dollar was also strengthened by comments from Mr John LaWare, the Fed governor, who said he was satisfied by the current level of the dollar against the yen. This contrasted with comments in January that a stronger yen level of around Y120 was needed to restrain the huge Japanese trade surplus.

Now, however, the Fed does not seem worried enough about the yen level for it to help the Bank of Japan with intervention.

"Given the recent data, we could see a further spurt by the dollar next week, especially if the figures are good," said Mr Gerard Lyons, chief economist at DKB International.

"Everything does point to a US recovery in the second half-year, although this might not be as strong as the market expects."

In Asia, the dollar had been very steady in thin and uneventful trading. The Tokyo markets were closed for a national holiday.

The D-mark was generally mixed. It rose against the Swiss franc to SFr0.9100, from a previous SFr0.9070. Dealers said more intervention by the Swiss National Bank - for the third time this month - was possible on Monday if the SFr0.9100 barrier was breached.

It fell, however, against the French franc, despite worries about this weekend's regional elections in France, in which the ruling socialists are expected to do badly.

It also fell against sterling, although dealers said this had more to do with the stronger dollar than any improvement in sterling sentiment. Sterling closed at around DM2.8619 from a previous DM2.8573, and improved within the ERM to 47 per cent of permitted swing below its central rate, from 50 per cent.

Against the dollar, sterling fell to $1.7007, from $1.7120.

£ IN NEW YORK

Mar.20	Latest	Previous Close
£ Spot	1.7070-1.7080	1.7109-1.7114
1 month	0.93-0.92pm	0.93-0.92pm
3 months	2.70-2.67pm	[illegible]
12 months	9.00-8.90pm	8.92-8.82pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

[illegible]

OTHER CURRENCIES

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Mar 20	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.007	-3.46	6.35	60
Belgian Franc	42.4032	42.0552	-0.82	3.33	36
Dutch Guilder	2.31643	2.30047	-0.69	3.19	39
D-Mark	2.05586	2.04319	-0.62	[illegible]	35
Italian Lira	1538.24	1535.76	-0.16	2.64	4
Irish Punt	0.767417	0.766350	-0.14	2.62	3
French Franc	6.89509	6.93455	0.57	1.89	-25
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

Mar 20	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Mar.20	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.707	2.860	228.8	9.733	2.603	3.220	2150.	2.038	59.10	1.399
$	0.586	1	1.675	134.0	5.702	1.525	1.886	1260	1.194	34.62	0.820
DM	0.350	0.597	1	80.00	3.403	0.910	1.126	751.7	0.713	20.66	0.489
YEN	4.371	7.461	12.50	1000.	42.54	11.38	14.07	9397	8.907	258.3	6.115
F Fr.	1.027	1.754	2.938	235.1	10.	2.674	3.308	2209	2.094	60.72	1.437
S Fr.	0.384	0.656	1.099	87.90	3.739	1	1.237	826.0	0.783	22.70	0.537
N Fl.	0.311	0.530	0.888	71.06	3.023	0.808	1	667.7	0.633	18.35	0.434
Lira	0.465	0.794	1.330	106.4	4.527	1.211	1.498	1000.	0.948	27.49	0.651
C $	0.491	0.838	1.403	112.3	4.776	1.277	1.580	1055	1	29.00	0.686
B Fr.	1.692	2.886	4.839	387.1	16.47	4.404	5.448	3638	3.448	100.	2.367
Ecu	0.715	1.220	2.044	163.5	6.957	1.861	2.302	1537	1.457	42.24	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7085	1.6973	1.6796	1.6543	1.6178
D-mark	2.8600	2.8577	2.8532	2.8437	2.8287
French Fr.	9.7325	9.7278	9.7220	9.6960	9.6621
Swiss Fr.	2.6025	2.5985	2.5886	2.5700	2.5351
Yen	228.75	227.66	225.39	221.84	215.61

FINANCIAL FUTURES AND OPTIONS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls September	Calls December	Puts June	Puts September	Puts December
106	1.80	-	-	0.24	0.52	-
107	1.07	-	-	0.49	-	-
108	0.55	1.13	-	0.93	1.30	1.54
109	0.24	0.70	-	1.61	-	2.05
110	0.10	0.44	-	-	-	-
111	0.03	-	-	-	-	-
112	-	0.13	-	-	-	-
Open int	103,157	17,303	1,000	87,730	10,286	950

Estimated volume 40,128 Total Open Interest 220,436

MONEY MARKETS

Rates rise further

THE UK money market was distinctly nervous yesterday before this weekend's batch of six opinion polls, and rates rose still further.

Yesterday's poll of marginal seats in London which pointed to a hung parliament - the worst possible outcome as far as the market is concerned - did not augur well for the rest of the weekend. The retail price figures were also a disappointment to some, simply holding the previous inflation rate, rather than showing a decrease.

The market continued to maintain a stance that was increasingly discounting the possibility of higher interest rates after the election.

Interbank rates firmed sharply towards the close, with the key three-month rate up ⅛ at 10⅝-10½ per cent. The six-month to one-year rates were also up ⅛ to 11⅛-10⅞, and even the one-month rate was 10¾-10⅝, expensive for a 10½ per cent base rate.

The June sterling contract opened up six basis points at 89.11, but soon slid down to 88.95.

The Bank of England did its best to avoid unnecessary strains on money costs by allowing the market all possible means to relieve a large shortage, forecast initially at around £1.15bn.

In early operations, it purchased bills totalling £517m, made up of £11m of band 1 bank bills at 10⅜ per cent, £2m of band 3 local authority bills at 10⅜ per cent, and £364m band 3 and 4 bank bills at 10⅜ and 10⅜ per cent respectively, plus £140m for resale to the market on April 3 and 6 at 10⅜ per cent.

At midday, the forecast was revised upwards to £1.2bn, and the bank purchased a further £319m of band 1 and 3 bank bills and band 4 treasury bills. The shortage was revised down to around £1.05bn in the afternoon, with the Bank providing late assistance of £230m, to take the day's total to £1,066m.

Overnight rates, however, were still relatively firm at 10¾-10½ per cent for much of the session, rising to 11-10¾ per cent in the afternoon.

German call money rates firmed owing to the heavy draining of liquidity from March tax payments, but were expected to ease back on Monday.

Traders quoted call money at around 9.65/70 per cent, up from 9.60 per cent on Thursday and just below the 9.75 Lombard rate.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar.20) 3 months US dollars		6 months US Dollars	
bid 4¼	offer 4⅜	bid 4½	offer 4⅝

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

BANK RETURN

BANKING DEPARTMENT	Wednesday March 18 1992	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	128,311,557	+ 37,288,532
Bankers Deposits	1,570,214,347	+ 98,306,040
Reserve and other Accounts	3,524,776,477	+ 163,677,713
	5,237,855,381	+ 299,272,285
ASSETS		
Government Securities	1,332,878,175	+ 34,100,000
Advance and other Accounts	2,130,045,928	- 87,018,318
Premises Equipment & other Secs	1,766,483,934	+ 356,175,512
Notes	8,243,618	- 3,978,601
Coin	205,726	- 6,308
	5,237,855,381	+ 299,272,285
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	15,511,756,382	+ 3,978,601
Notes in Banking Department	8,243,618	- 3,978,601
	15,520,000,000	no change
ASSETS		
Government Debt	11,015,100	
Other Government Securities	9,215,880,284	- 359,130,722
Other Securities	6,293,104,616	+ 359,130,722
	15,520,000,000	no change

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Crédit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

Clydesdale Bank PLC
30 St Vincent Place, Glasgow G1 2HL 041 248 7070

Wimbledon & South West Finance PLC
114 Newgate St, London EC1 7AE 071-606 9485

NOTES- Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. Compounded Annual Rate. Int Crd: Frequency at which interest is credited to the account.

LEGAL NOTICES

No. 002843 of 1992

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER of
MFI FURNITURE GROUP
LIMITED
and
IN THE MATTER of
The Companies Act 1985

NOTICE IS HEREBY GIVEN that a petition was on the 13th March 1992 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share capital of the above named Company from £175,800,001 to £124,250,000.20.

AND NOTICE is further given that the said Petition is directed to be heard before the Honourable Mr. Justice Mummery at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 30th day of March 1992.

ANY Creditors or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the share capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the Regulated Charge for the same.

Dated this 21st day of March 1992.

CLIFFORD CHANCE,
Royex House,
Aldermanbury Square
London EC2V 7LD.
Ref: KO.
Solicitors for the above named Company.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd

‡ Bargains at special prices. ♦ *Bargains done the previous day.*

British Funds, etc
No. of bargains included 1762

Exchequer 10½% Stk 2005 - £106⅞
Guaranteed Export Finance Corp PLC
11¼% Gtd Nts 1994 (Br - £101½ .4
12½% Gtd Ln Stk 2002(Reg) - £115⅝ ⅝ ⅞ ½ ½ ⅝ ⅝
12½% Gtd Ln Stk 2002(Br£10000&100000) - £115⅝

Corporation and County Stocks
No. of bargains included 2

Birmingham District Council 11½% Red Stk 2012 - £105½ (13Mr92)
Bristol Corp Deb Stk (3½%) - £30½
Leeds(City of) 13½% Red Stk 2006 - £118½ ⅝ 7 (16Mr92)
Manchester Corp 4% Cons Ird Stk - £36 (16Mr92)
Newcastle-Upon-Tyne(City of) 11¼% Red Stk 2017 - £102½ (16Mr92)
Reading Corp 3½% Stk - £31 (18Mr92)
Sunderland(Borough of) 11¾% Red Stk 2008 - £105½

UK Public Boards
No. of bargains included 2

Agricultural Mortgage Corp PLC 5½% Deb Stk 93/95 - £84¼
7½% Deb Stk 91/93 - £94¾
10½% Deb Stk 92/95 - £98½ (18Mr92)
Forth Ports Authority 3½% Funded Debt - £35 (17Mr92)
Port of London Authority 3% Port of London A Stk 29/99 - £68 ½ (15Mr92)
3½% Stk 49/99 - £84½ (16Mr92)
Scottish Agric Sec Corp 7½% Deb Stk 90/92 - £97¾ (16Mr92)

Commonwealth-Government
No. of bargains included nil

South Australian 3% Cons Ins Stk 1916(or after) - £25 (16Mr92)

Foreign Stocks, Bonds, etc-(coupons payable in London)
No. of bargains included 86

Ireland(Republic of) 9¾% Stk 91/96 - £99¾
Portugal(Republic of) Ext 3%(3rd Ser)(Stamped) - £25
Abbey National Sterling Capital PLC 11⅜% Subord Gtd Bds 2017 - £103½ (16Mr92)
Allied-Lyons PLC 10⅝% Bds 1999(Br£5000&100000) - £98¾ (16Mr92)
Argyll Group PLC 4¾% Cnv Bds 2002 - £120
Asda Finance Ld 10⅜% Cnv Cap [illegible]

[illegible]

TALItFnGdBds 2001(Br) WtWtsT&LPLC - £84♦
Tesco PLC 10¾% Bds 2002 (Br £Var) - £97¾ (17Mr92)
Tesco Capital Ld 9% Cnv Cap Bds 2005(Reg £1) - £117¼ ½ .94 8 ¼ ½ ⅞
9% Cnv Cap Bds 2005(Br£5000&10000) - £117⅞ (18Mr92)
Thames Water PLC 9½% CnvSubordBds 2006(Br£5000&50000) - £1.08
THORN EMI Capital NV 5¾% Gtd Red Cnv Prf 2004 (Br£5000) - £122¼ 3 (18Mr92)
Tokyo Electric Power Co Inc 8¾% Nts 1998 (Br $5000 & 10000) - $104 ⅜ (18Mr92)
United Biscuits Finance NV 5¾% Gtd Red Cnv Prf 2003 - £127½ (18Mr92)
Welsh Water PLC 10¾% Bds 2002 (Br [illegible]

[illegible]

Sterling Issues by Overseas Borrowers

[illegible]

Listed Companies(excluding Investment Trusts)

[illegible]

Investment Trusts

[illegible]

Leveraged Opportunity Trust PLC Zer Cpn Cnv Uns Ln Stk [illegible]
Lloyds Smaller Co's Inv Tst PLC Package Units (Comp 1Div&1CapShare) - 95 (18Mr92)
Dividend Shs 1p - 38 (18Mr92)
Capital Shs 1p - 60½ (18Mr92)
London & St Lawrence Investment PLC Ord 5p - 111
5% Cum Prf £1 - 40 (18Mr92)
Merlin Intl Green Inv Tst PLC Ord 25p - 70½ 1
Monks Investment Trust PLC 11% Deb Stk 2012 - £104 (18Mr92)
Moorgate Smaller Co's Inc Trust PLC Ord 25p - 103
Wts to Sub for Ord - 87 7 ½
Morgan Grenfell Equity Inc Tst PLC Ord 25p - 84 5
Wts to Sub for Ord - 17
[illegible] PLC Wts to Sub for Ord - [illegible]
New Throgmorton Trust(1983) PLC 12.6% Deb Stk [illegible] - £105 (18Mr92)
Zero Cpn Deb Stk 1998 - £51½ (17Mr92)
Northern Indust Improv Trust PLC Ord £1 - 400 7 (18Mr92)
Rights and Issues Inv.Trust PLC 5½% Cum Prf £1 - 70
St. David's Investment Trust PLC Zero Div Prf 100p - 113½ .4½ (18Mr92)
Scottish Mortgage & Trust PLC 8-12% Stepped Int Deb Stk 2025 - £112½ ½ (18Mr92)
8%-14% Stepped Interest Deb Stk 2020 - £128½ (18Mr92)
Scottish National Trust PLC 10% Deb Stk 2011 - [illegible]
Securities Trust of Scotland PLC 4½% Cum Prf Stk - £41
12% Deb Stk 2013 - £110¾♦
[illegible] Investment PLC Warrants to sub for Ord - 32
TR City of London Trust PLC 10¼% Deb Stk [illegible] - [illegible] (18Mr92)
Templeton Emerging Markets IT PLC C Shs £1 - 100♦
Throgmorton Trust PLC 12 5/16% Deb Stk 2010 - £112½ (18Mr92)
Trio Investment Trust PLC Ord 25p - 37½
Updown Investment Co PLC Ord 25p - 443 (17Mr92)
Witan Investment Co PLC 8% Deb Stk 96/99 - £88 (17Mr92)
5¾% Deb Stk 2016 - £85½ (18Mr92)

Miscellaneous Warrants
No. of bargains included 10

Bankers Trust International PLC "POWERS" Rel to FT-SE 100 Index - £0.64 (17Mr92)

USM Appendix

[illegible]

Rule 535(2)

[illegible]

Lovat Investments Ld Ord 20p - £0.07 (18Mr92)
M&G(Guernsey)Island Gold Fund Accum Units - £29.752 (18Mr92)
MIM Britannia International Ld Japan Income & Growth - £1.256
Marix Petroleum PLC Ord £1 - £0.46 (18Mr92)
Merrett Hldgs PLC Ord 10p - £0.44
Newbury Racecourse PLC Ord £100 - £2150♦
Newman Tonks PLC Cnv Prf £1 - £0.865 (17Mr92)
Newspaper Publishing PLC Ord 1p - £1.9675 (17Mr92)
North West Exploration PLC Ord 20p - 1♦
Pan Andean Resources PLC Ord 1p - £0.05
Perpetual(Jersey) Offshore UK Growth - $1.9919♦
Rangers Football Club PLC Ord 10p - £1.05 (17Mr92)
C Deb Stk £1500 - £1590 (18Mr92)
Ruberoid Group Ld 10¾% Uns Ln Stk 90/95 - £90 (17Mr92)
Select Industries PLC Ord 2½p - £0.055 0.06 0.06 0⅛ 0⅛ 0.065 0.065
New Ord 7½p (Nil Pd-23/3/92) - £0.005
Southern Newspapers PLC Ord £1 - £2.2 2⅜
Oil Royalty Stk Units 1p - £0.3
Tadpole Technology PLC Ord 10p - £0.6
Thwaites(Daniel)& Co PLC Ord 25p - £1.6 (18Mr92)
Transatlantic Hldgs PLC Ord 50p - £3.2 (18Mr92)
Weetabix Ld "A" Non.V Ord 25p - £10¾ 10.5 10.31

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the *Official List*.

Aust. Foundation Inv 76.0
Boise Cascade Corp $21.92♦ (13.3)
[illegible] $35.7 (16.3)
Cape Range Oil A$0.43♦ (17.3)
City Developments S$3.89♦ (17.3)
Community Psychiatric Centers $13.00
Kulim Malaysia Ord 26.0
Oil Search 33.0
Rutgerswerke AG DM450.9♦451.05♦ (13.3)
Selangor Coconuts 25.0 (16.3)
Storer Communications $K264.0 (18.3)
United Overseas Land S$1.55♦ (16.3)

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LONDON STOCK EXCHANGE

Gloomy close to the equity account

By Terry Byland, UK Stock Market Editor

THE LATEST statistics on domestic inflation did nothing yesterday to revive confidence in the UK stock market on the final day of the Budget trading account which has seen the FT-SE Index fall by about 3 per cent. A market increasingly upset by a closely-run election campaign will wait nervously for announcement on Sunday of a list of important public opinion polls.

The UK annualised inflation rate of 4.1 per cent in February was a shade below the most optimistic forecasts in the City of London, and undercut lingering hopes for a reduction in UK base-rates.

A nervous trading session ended with hefty selling of the March future contract on the FT-SE, reportedly by Goldman *Sachs, which left the future* again at a discount to the underlying cash market. This checked a late rally in the stock market itself and the FT-SE Index closed 11 points down at 2,456.6.

The stock market was unimpressed by the fall in UK inflation to below German levels because, as one market economist commented, "the City knows that the two headline rates are not comparable." There was concern at the news that German public sector wage negotiations had broken down, but the stock market remained focused on domestic political considerations.

The market opened firmly, helped technically by completion of a large trading *programme involving about 300 of* the smaller, non-Footsie stocks; Goldman Sachs was also said to have been the house involved in the deals, which were both buy and sell operations.

However, with the future still moving nervously, the stock market soon stalled with a gain of eight points, and slipped back to overnight levels.

When the future was sold heavily in the afternoon, the Footsie Index briefly fell below the 2,550 mark, touching 2,446.9. There was little substance behind the final rally which reduced the day's fall from 13 Footsie points to 11.

Seaq volume improved to 587.8m shares from Thursday's 485.5m as traders sought to close share positions which *have cost them dearly over the* past two weeks. On Thursday, retail, or customer, business in equities was worth £1bn, indicating that the big institutions have been reshuffling portfolios in the wake of the Budget.

At Strauss Turnbull, Mr Ian Harnett pointed out that since the Budget, the UK market has lost the equivalent of over £2bn, raising the possibility that election uncertainty could once again bring the economic recovery to a standstill.

"A high price to pay to vote," he comments.

Account Dealing Dates

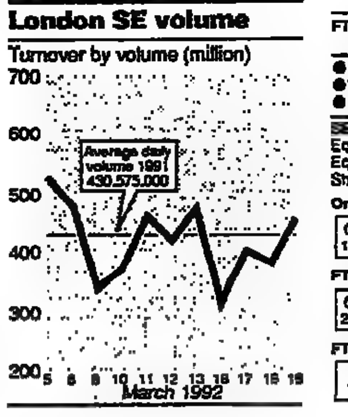
*First Dealings:	Mar 9	Mar 23	Apr 6
Option Declarations:	Mar 19	Apr 2	Apr 23
Last Dealings:	Mar 20	Apr 3	Apr 24
Account Day:	Mar 30	Apr 13	May 5

*New-time dealings may take place from 8.30 am two business days earlier.

● Retail, or customer, volume in equities fell sharply after Budget Day and as the election campaigns opened but has now rallied.

London SE volume

Turnover by volume (million)



FINANCIAL TIMES STOCK INDICES

	Mar 20	Mar 19	Mar 18	Mar 17	Mar 16	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	86.06	86.10	86.20	86.40	86.13	85.01	88.55 (27/2/92)	82.17 (2/1/91)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	99.20	99.42	99.49†	99.50	99.62	94.24	101.56 (19/2/92)	90.58 (2/1/91)	106.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1916.5	1923.1	1925.8	1940.8	1930.9	1944.0	2108.3 (2/9/91)	1606.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	123.4	122.1	121.3	116.0	118.3	145.3	222.8 (11/7/91)	116.0 (17/3/92)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2456.6	2467.5	2464.7	2491.2	2470.7	2447.5	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1162.99	1163.58	1165.83	1169.93	1161.33	1124.77	1200.08 (4/3/92)	938.62 (16/1/91)	1200.08 (4/3/92)	938.62 (16/1/91)
●Ord. Div. Yield	4.70	4.69	4.64	4.63	4.64	5.0				
●Earning Yld %(full)	6.64	6.63	6.60	6.54	6.61	9.19				
●P/E Ratio(Net)(☆)	19.08	19.10	19.19	19.36	19.17	13.42				
SEAQ Bargns 5.00pm	33,120	29,478	29,610	27,873	26,511	36,556				
Equity Turnover(£m)†	-	1003.1	867.2	932.7	870.7	1029.28				
Equity Bargains†	-	34,795	33,429	31,431	29,312	38,961				
Shares Traded (ml)†	-	459.6	385.6	402.9	317.1	478.9				

Basis 100 Govt. Secs 15/10/26, Fixed Int 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 18.10 †Corrected

Ordinary Share Index, Hourly changes Day's High 1930.6 Day's Low 1908.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1926.0	1925.1	1928.4	1928.1	1927.5	1921.6	1917.2	1910.3	1915.3

FT-SE 100, Hourly changes Day's High 2475.7 Day's Low 2446.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2471.7	2469.8	2472.8	2473.8	2469.8	2461.7	2456.9	2448.7	2455.8

FT-SE Eurotrack 200, Hourly changes Day's High 1168.05 Day's Low 1161.52

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1165.95	1167.24	1166.95	1156.46	1165.45	1163.67	1161.57

GILT EDGED ACTIVITY

Indices*	Mar 19	Mar 18
Gilt Edged Bargains	77.1	104.1
5-Day average	91.8	101.0

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

Heavy trading in Gas

TURNOVER in British Gas was the heaviest of any stock in the London stock market yesterday and the shares fell 5 to 242p.

The volume of nearly 20m shares was largely accounted for by a sizeable placing carried out by S.G. Warburg Securities, which was said to have sold around 6m shares on behalf of a large institution. Dealers said the investment bank took the shares on to their book at 239p and sold them at 241p. Warburg would only say that it had been active in the shares.

The deal could be part of a much bigger placing. Société Générale Strauss Turnbull said it had also been selling on behalf of a large institution this week.

However, the sale does not appear to reflect the prevailing view that shareholders of privatised companies might be in for a tough time if a Labour government is elected. Strauss Turnbull's oils team argues: "There are no political risks attached to the shares - if anything a Labour government might introduce regulation by committee which is much preferable to the perceived arbitrary rule currently in force."

Reuters return

Volatility in Reuters Holdings continued as the shares bounced back by 24 to 1144p on optimism over one of the company's new trading systems.

Traders said the market was encouraged about Globex, a futures and options after-hours trading system, following developments at a US conference.

The Chicago Board of Trade and the Chicago Mercantile Exchange said four New York commodities exchanges agreed to become affiliated to the Globex system. It was also announced that a new test for Globex had been set for late March.

Investors also feel that the stock is unlikely to be affected by the outcome of the general election as 80 per cent of the group's business is conducted overseas.

Rosehaugh steady

Troubled property group Rosehaugh finally won approval yesterday for its long-awaited £315m re-financing package from a syndicate of 28 banks, led by Barclays and NatWest. The market responded positively, the shares gaining 2¼ to 9p in busy volume of 3.1m, not least because there had been serious concerns whether the developer would survive.

The shares have declined from a high point of £7.42 in October 1987 as the company has mirrored the dramatic fall in property and office rental prices. Last year, Rosehaugh, which is joint-developer of London's prestigious Broadgate and Ludgate sites, lost £227m, and last month also lost its vice-chairman Mr Godfrey Bradman.

Analyst Mr Graham Stanley at County NatWest commented: "The banks will have demanded an awful price for this arrangement which will inevitably come at the expense of shareholders." Mr Michael Padley at Strauss Turnbull is more optimistic, but believes the deal, combined with cuts in interest rates to single figures in the next two years, will bring Rosehaugh into play - with MEPC and Hammerson tipped as possible predators.

Once again, utilities suffered in sympathy with the declining fortunes of the government. Almost all the water companies were weak with Anglian (off 3 at 326p) and Severn Trent (off 5½ at 319½p) being among the bigger losers. The Electricity Package fell £45 to £2,493.

Profit-taking in Midland Bank saw the shares off 17 at 343p.

Buyers in the US lent support to Glaxo which picked up 8 to 764p. The shares have been sold heavily on the worries of a French investigation into the pharmaceuticals company's marketing policy. They have also suffered from sinking below a perceived support level of 770p.

Consumer products and healthcare group Reckitt & Colman slipped 10 to 674p. The group which reports its 1991 profits on Tuesday is expected to come up with very little growth at the earnings per share level and profits of between £250m to £265m, up from £235m last year.

Amusement machine and nursing home group Kunick issued a statement over its the performance of its shares - which have declined by almost a half in over a week - denying any knowledge of the reason why. Talk in the market was concern over trading conditions in the gaming machine business. The shares rallied before steadying to 6½p in turnover of 2.3m.

Nervous selling ahead of the results due this week took 9 off Kingfisher which closed at 466p. Elsewhere among retail stores, GUS was weak, finally 23 off at 1,460p although the shares are a thin market.

Marks & Spencer slipped 8 to 302p on continued nervousness over the outlook for consumer spending.

Booker, the food and agricultural products group, turned easier with the market as traders took a cautious line ahead of the trading results due at mid-week. The shares lost 16 to 427p.

However, many other leading stocks in the food manufacturing sector held up well as some brokerage houses argued that they are strong enough to resist recessionary pressures and good buys for the economic recovery phase - when it sets in.

United Biscuit a penny better at 407p were sustained by bid speculation, while Cadbury Schweppes, 3 up at 437p improved as investors absorbed the details of the £188m Mexican purchase, for which a £145m share placing is intended. Rank Hovis McDougall held steady at 217p but Tate & Lyle at 418p lost 5 in late trading.

But the food supermarket groups, regarded as closer to the front line in the consumer spending contest, lacked confidence. Kwik Save, finally 12 of at 544p saw some selling pressure and Tesco, 2 off at 245p shaded lower.

Among the regional brewers, Morland had another active session but, in the absence of developments after the bid speculation of the previous session, the shares ended 12 down at 458p. Devenish, suggested by some as a potential suitor, showed no change at 233p.

Guinness up 2 at 558p edged higher at the close, reflecting a move to quality, according to some analysts. However, both Allied-Lyons down 8 at 608p and Whitbread 12 lower at 403p shared in the general downturn in equities.

Speculation that Luxembourg-based group Minorco may *launch a takeover bid* boosted Tarmac for the second day running. The shares rose 8 to 146p, with a strong turnover of 9.8m shares giving some credence to the talk.

Bid talk also spilled over into Pilkington which gained 6 to 126p.

TI Group added 10 to 653p, rounding off a positive week, as investors again saw it as a safe stock in an uncertain trading period.

Industrial conglomerate Lonrho, talked up all week on bid speculation, lost 6 to 102p on profit-taking.

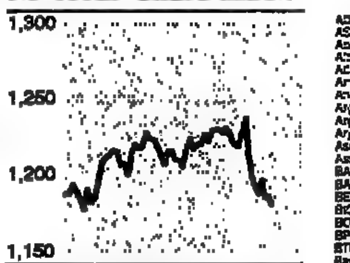
Speciality chemicals group Laporte continued its slide, losing 14 to 550p ahead of the placing of its stake by Solvay of Belgium. However volume was low and the fall was prompted more by marketmakers reducing their prices than by genuine selling.

Courtaulds remained firm on the back of a series of presentations. Yesterday, it was the turn of institutions in Scotland. The shares rose 5 to 539p

MARKET REPORTERS:
Peter John,
Christopher Price.

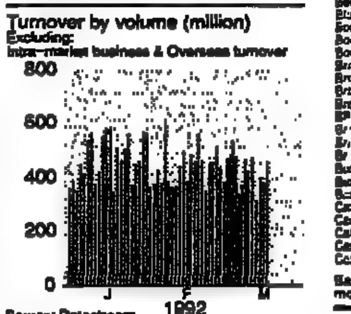
■ Other market statistics, including the FT-Actuaries Share Indices, Page 11.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (39).
BRITISH FUNDS (1) Tr. 3pc 1992, AMERICANS (10) Chase Manhattan, Chrysler, Dana Corp., Dun & Bradstreet, Eaton, Echlin Inc., Ford Motor, Honeywell, Ingersoll-Rand, Sear Roebuck, BREWERS & DISTILLERS (1) Guinness 5¾pc Prf., BUILDING MATERIALS (1) Kalon, BUSINESS SERVICES (1) ISS-Intl. Service Sys. B, ELECTRICALS (2) Chemring Cv. Prf., China Light, ELECTRONICS (1) Hewlett-Packard, ENGINEERING GENERAL (2) TI, Weir, FOOD RETAILING (2) Iceland Frozen, Park, INSURANCE COMPOSITE (1) Amer. General, INVESTMENT TRUSTS (2) Govett Atlantic, World Fund Wrnts., MOTORS (1) Bletchley, MINES (1) MIM.
NEW LOWS (75).
BRITISH FUNDS (8) Tr. 13¼pc 1993, Tr. 13¾pc 1993, Tr. 14½pc 1994, Tr. 9¾pc 2002 C, Tr. 8½pc 2007 A, Tr. 9pc 2012, Tr. 2½pc IL 2020, Tr. 2½pc IL 2024, BANKS (1) Anglo Irish, BREWERS & DISTILLERS (1) Macallan-Glenlivet, BUILDING MATERIALS (1) Johnston, BUSINESS SERVICES (1) Gardiner, CHEMICALS (2) Anglo Utd., Sutcliffe Speakman, CONTRACTING & CONSTRUCTION (6) Bellwinch, Campbell & Armstrong, Higgs & Hill, McLaughlin & Harvey, Wilcon, ELECTRICITY (1) Scottish Hydro, ENGINEERING AEROSPACE (1) ML, ENGINEERING GENERAL (4) Clayton Son, Fenner, MS Intl., West Inds., FOOD MANUFACTURING (1) Carr's Milling, HOTELS & LEISURE (1) Kunick, INSURANCE BROKERS (1) Heath (CE), INSURANCE COMPOSITE (1) Baloise, INVESTMENT TRUSTS (7) City of Oxford Inc., Drayton Blue Chip, M & G Inc. Package Units, M & G Second Cap., Scot. Natl. Wrnts., St David's Inc., Turkey Tst., MEDIA (8) Allied Radio, Do. 8pc 2001, Clarke Hooper, Colorgraphic, Holmes Marchant, Thames TV, MERCHANT BANKS (1) Kleinwort Benson, MISCELLANEOUS (4) Business Tech., Eurocopy, Gestetner, WSP, OIL & GAS (6) Brabant Res., British Borneo, Cairn Energy, Caspen Oil, Kelt Energy, Premier Cons., Ramco Oil, Sceptre Res., OTHER INDUSTRIAL MATERIALS (1) DMI Intl., PACKAGING, PAPER & PRINTING (1) Tinsley Robor, PROPERTY (11) British Land, Dencora, Derwent Valley, Ests. & General, Helical Bar, Land Secs., MEPC, Mowat, Regalian, Slough Ests. 8½pc Prf., Smith (J), STORES (1) Austin Reed, TELEPHONE NETWORKS (2) British Telecom P/P, GN Great Nordic, TEXTILES (2) Jacques Vert, Youghal, TRANSPORT (1) Turnbull Scott, MINES (2) Beatrix, Waverley Mining Finance.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	7	64	9	83	239	78
Other Fixed Interest	1	9	7	10	35	40
Commercial, Industrial	170	393	908	935	1,785	4,627
Financial & Property	126	162	500	479	818	2,635
Oil & Gas	17	26	44	81	100	294
Plantations	2	1	6	3	3	39
Mines	57	13	77	149	154	436
Others	78	20	40	241	201	249
Totals	458	688	1,591	1,981	3,335	8,358

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
AB7	171	815	+35
ASDA Group	9,800	34	-1
Abbey National	1,100	275	-1
Albert Fisher	1,300	67	
Allied-Lyons	1,600	608	-7
Amstrad	703	34	
Anglian Water	845	326	-3
Argos	854	257	
Argyll Group	3,500	322	-2
Arjo Wiggins	1,700	234	-6
Ass Brit Foods	886	418	-3
Ass. Brit. Ports	310	340	-1
BAA	1,200	549	+4
BAT Inds.	1,600	686	-1
BET	13,000	125	-16
BICC	960	318	-8
BOC	1,300	645	+4
BPB Inds.	2,300	161	+3
BTR	2,800	436	+5
Bank of Scotland	1,800	105	-3
Barclays	4,400	391	-1
Bass	1,000	856	-5
[illegible]	3,900	20½	+2
Blue Circle	1,700	249	+4
Booker	688	427	-16
Boots	1,900	432	
Bowater	83	773	
Brit. Aerospace	583	301	-8
British Airways	2,000	248	-1
British Gas	19,000	242	-5
British Land	1,300	206	
BP	8,230	282	-2
British Steel	18,000	77½	-½
British Telecom	3,800	318	-1½
Br. Telecom New	5,000	101½	-2½
Bunzl	100	85	
Burmah Castrol	227	499	-14
Burton	3,100	38½	
Cable & Wire.	910	538	-17
Cadbury Schweppes	1,430	437	+3
Calor Group	141	180	
Carlton Comms	1,300	667	-6
Coats Viyella	2,100	188	-8

	Volume 000's	Closing Price	Day's change
Comm Union	1,600	418	+5
Cookson	[illegible]	[illegible]	-4
Courtaulds	1,800	539	+5
Dalgety	1,400	391	+4
De La Rue	145	970	-7
Dixons	613	215	-1
ECC Group	213	493	-2
Eastern Elec.	1,000	222	-4
East Midland Elec.	244	238	-6
Enterprise Oil	899	390	+5
Eurotunnel Units	238	430	+1
FKI	1,300	58	-1
Fisons	948	382	-8
Forte	3,200	237	
Gen. Accident	816	406	+5
General Elec.	2,900	208½	-1½
Glaxo	3,000	764	+8
Glynwed Int.	109	227	-1
Granada	1,000	242	
Grand Met	1,800	862	-9
GUS A	319	1460	-23
GRE	[illegible]	129	-2
GKN	398	343	+2
Guinness	4,000	558	+2
Hammerson 'A'	10	413	-1
Hanson	7,200	221½	-2
Hanson Warrants	2,200	21½	-½
Harrisons Crosfield	755	106	-6
Hillsdown	2,300	177	+2
IMI	146	242	
ICI	1,100	1226	-7
Inchcape	1,600	461	-4
Kingfisher	3,800	466	-9
Kwik Save	922	544	-12
Ladbroke	2,800	217	-6
Land Securities	1,000	403	-4
Laporte	815	550	-14
Legal & General	3,100	385	+3
Lloyds Abbey	250	360	
Lloyds Bank	2,800	381	+4
LASMO	5,100	202	+5
London Elec.	159	284	-3
Lonrho	4,500	102	-6

	Volume 000's	Closing Price	Day's change
Lucas	566	125	
MB Caradon	165	253	-7
MEPC	438	315	-4
Manweb	299	266	-4
Marks & Spencer	5,400	302	-8
Midland Bank	6,700	343	-17
Midlands Elec.	417	243	-2
NFC	1,700	236	-5
NatWest Bank	4,200	298	-1
National Power	2,400	190	-3
Next	394	65	-½
North West Water	1,100	341	-3
Northern Elec.	185	244	-4
Northern Foods	634	538	+2
Norweb	229	263	-3
Pearson	385	783	-6
P & O	1,200	387	+1
Pilkington	4,800	126	+6
PowerGen	3,100	201	-2
Prudential	3,600	236	-1
RHM	1,100	217	
RMC	425	849	-5
RTZ	2,200	568	-6
Racal	1,300	53½	-1
Rank Org	851	645	-1
Reckitt & Colman	404	674	-10
Redland	2,500	435	-1
Reed Intl	475	513	-2
Rentokil	163	378	-6
Reuters	838	1144	+24
Rolls Royce	2,900	155	-2
Rothmans	282	1095	+18
Royal Bk Scotland	4,300	175	+1
Royal Insurance	3,900	170	
Saatchi	3,100	16½	-½
Sainsbury	3,300	381	+2
Scottish & New	1,800	443	+1
Scot. Hydro-Elect	2,300	97	-2
Scottish Power	4,100	96½	-1
Sears	4,200	98	-1
Sedgwick	800	206	-12
Seeboard	140	248	-4
Severn Trent Water	2,700	319½	-5½

	Volume 000's	Closing Price	Day's change
Shell Transport	4,300	445	-4
Siebe	157	615	+1
Slough Ests	700	171	-2
Smith (W.H.) A	973	431	-6
Smith & Nephew	1,600	145½	-½
SmKl Beecham	1,000	877	-8
SmKl Beecham Uts.	111	4040	-20
Smiths Inds.	683	277	+2
Southern Elect	989	239	-5
South Wales Elect.	110	282	-4
South West Water	346	332	-3
South West. Elect.	320	246	-5
Southern Water	355	319	-3
Standard Chartd	1,000	446	-2
Storehouse	654	116	
Sun Alliance	3,400	287	+7
T&N	1,000	115	-2
TI Group	1,000	653	+10
TSB	3,000	131	-2
Tarmac	9,700	146	+8
Tate & Lyle	1,500	418	-5
Taylor Woodrow	1,400	115	+1
Tesco	4,800	245	-2
Thames Water	1,200	341	-2
Thorn EMI	478	744	-11
Tomkins	2,700	441	-1
Trafalgar House	2,300	119	-7
Unigate	777	289	-4
Unilever	1,000	915	-6
United Biscuits	1,300	407	
Utd. Newspapers	35	354	-4
Vodafone	4,300	398	-3
Warburg (SG)	67	800	-4
Wellcome	359	949	-7
Welsh Water	438	367	-2
Wessex Water	508	368	+2
Whitbread 'A'	1,000	403	-12
Williams Hldgs.	2,800	309	+6
Willis Corroon	[illegible]	238	-3
Wimpey	565	180	+4
Wolseley	198	413	-5
Yorkshire Elect.	1,600	297	
Yorkshire Water	951	354	-6

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

DISAPPOINTING economic statistics and a lack of buyers - as a result of political uncertainty - pushed the futures market back to a discount to the cash market in fairly thin trading, writes Christopher Price.

The March FT-SE contract opened up at 2,476, but soon slipped several points. Then, independent traders, some caught in short positions, helped squeeze March to what turned out to be the high point of the day at 2,479.

Lack of demand saw it drift away and by mid-morning March was trading around the 2,459-level. Goldman Sachs then sold some 600 lots in the 2,451-4 range which pulled the contract down. Slightly disappointing UK inflation figures and German pay settlement news hit the short sterling and gilt markets, which in turn further knocked the March contract. A brief rally was not sustained in a featureless afternoon's trading. March closed at 2,544, down 27 on the previous session, and at a discount of some 7 points to its 4-point fair value premium to cash. Volume was 6,552.

In the traded options market, Asda was the top stock, with nearly 14,000 lots traded out of a total of 38,887. This was followed by British Steel and Cable and Wireless.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	99.3127	+0.126	10.11	10.04	10.06
BELGIUM		9.000	06/01	100.5000	-0.250	8.84	8.72	8.77
CANADA *		8.500	04/02	97.8030	+0.080	8.83	9.16	8.51
DENMARK		9.000	11/00	100.9000	-0.100	8.83	8.68	8.62
FRANCE	BTAN	8.500	03/97	98.1455	-0.039	8.97	8.81	8.77
	OAT	8.500	11/02	98.6200	-0.210	8.69	8.58	8.47
GERMANY		8.000	01/02	99.9400	-0.300	8.00	7.94	7.93
ITALY		12.000	03/02	98.3700	-0.190	12.28	12.15	12.31
JAPAN	No 119	4.800	06/99	95.8716	-	5.60	5.60	5.78
	No 129	6.400	03/00	105.6217	-0.123	5.38	5.43	5.41
NETHERLANDS		8.250	02/02	99.1200	-0.370	8.37	8.28	8.32
SPAIN		11.300	01/02	102.1500	-0.300	10.91	10.82	10.78
UK GILTS		10.000	11/96	99-31	-1/32	10.00	9.94	9.43
		9.750	08/02	98-16	-4/32	9.83	9.77	9.32
		9.000	10/08	95-04	-4/32	9.60	9.54	9.13
US TREASURY *		7.500	11/01	99-06	-12/32	7.61	7.57	7.41
		8.000	11/21	98-19	-25/32	8.03	8.07	7.93

London closing, *denotes New York morning session. Yields: Local market standard
† Gross (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Thursday March 19 1992

Motors	+	10.15
Metals & Metal Forming	+	9.80
Textiles	+	8.89
Engineering-General	+	8.55
Media	+	7.37
Electronics	+	7.31
Building Materials	+	7.17
Capital Goods	+	7.03
Other Industrial Materials	+	6.65
Electricals	+	5.93
Food Retailing	+	5.50
Hotels & Leisure	+	5.46
Packaging & Paper	+	5.45
Engineering-Aerospace	+	5.43
Conglomerates	+	5.41
Stores	+	5.14
Brewers & Distillers	+	3.29
Water	+	3.01
Chemicals	+	2.59
Banks	+	2.57
Contracting, Construction	+	2.30
Industrial Group	+	1.73
Consumer Group	+	1.25
Food Manufacturing	+	0.55
500 Share Index	+	0.39
Investment Trusts	+	0.09
All-Share Index	-	0.14
Transport	-	0.15
Merchant Banks	-	0.49
Other Groups	-	0.49
Insurance Brokers	-	0.70
Business Services	-	0.88
Financial Group	-	0.95
Telephone Networks	-	4.45
Health & Household	-	6.20
Insurance (Life)	-	6.29
Electricity	-	6.96
Oil & Gas	-	9.47
Gold Mines Index	-	11.46
Property	-	13.32
Insurance (Composite)	-	15.35

COMMODITIES

WEEK IN THE MARKETS

Gold price sinks to six-year low

GOLD'S TARNISHED image suffered further this week as its priced sagged to the lowest level for six years.

A major blow came on Monday when the London bullion market price fell below $342 a troy ounce, which many traders had seen as the last line of defence. "It is very worrying," said Mr Michael Spriggs, analysts at the S.G. Warburg Securities financial services group. "Chartists say there is no real support for the price below $342. The price could go all the way down to $325 and I can't see what would push it back over $350 in the near term."

Persistent selling, some of it suspected to be on behalf of an eastern European central bank, pushed the price below $336 an ounce later in the week, before it was *lifted yesterday to* $339.05 an ounce, down $7.95 on the week, in what one New York dealer described as "an anaemic rally".

One excuse for the market's weakness was the absence of most Middle Eastern operators during Ramadan, the Islamic fasting month. "The were no buyers when people began bailing out," said Mr Wiktor Bielski, analyst at Carr Kitcat & Aitken, part of the Banque Indosuez group. "The price could just *keep going down*."

The possibility of a "No" vote in the South African reform referendum acted as a steadying influence on the market in the early part of the week. But the announcement on Wednesday of a big majority in favour of reform was followed by a modest rally in the gold price.

For platinum, however, the referendum result was unequivocally bearish. South African mines last year accounted for three-quarters of world platinum supply outside the former eastern bloc countries, and there had been fears that disruption would follow if the vote had gone against further reform.

At the London bullion market the platinum price, which had already lost ground, responded with an immediate fall of nearly $7 to $349 an ounce and later in the week slipped to $346.25 an ounce. A substantial rally was staged yesterday, however, and the price was fixed in the afternoon at $352.35 an ounce, down $6.65 on balance. Dealers said signs of recovery in the US motor industry were steadying platinum, the main use for which is in exhaust-cleaning catalytic converters.

Base metals markets had a quiet week at the London Metal Exchange, the main bright spots being gains for aluminium and lead.

Traders attributed cash aluminium's $15 rise on the week to $1,297.50 a tonne to US speculative buying. It came despite a continued build-up in LME warehouse stocks of the metal and news from Moscow that the Russian authorities had given way to producers' demands for the scrapping of export duties on aluminium and requirements that part of hard currency export receipts be sold to the Russian central bank. That was "an indication that the flood gates are about to open again", said Mr Angus MacMillan, research manager at Billiton-Enthoven Metals, part of the Royal Dutch/Shell group. Exports from the former Soviet Union, which were largely responsible for the unprecedented rise in LME aluminium stocks last year, had slowed considerably following the imposition of the duties and the foreign exchange requirements.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+10,025	to 1,153,975
Copper	+200	to 303,300
Lead	-850	to 133,475
Nickel	+540	to 25,068
Zinc	+1,025	to 215,300
Tin	-120	to 18,015

Lead prices were buoyed by news of a planned 25-day maintenance shut-down at Nuova Samim's smelter at Port Vesme, Sardinia, and continuing production problems at the Treca smelter in Yugoslavia. The cash price ended the week £9.25 higher at £307 a tonne.

In the nickel market the bullish implications of a strike at Western Mining Corporation's Kambalda mine in Australia were outweighed by concern at talk of fresh Russian deliveries further swelling LME warehouse stocks. The cash price closed yesterday at $7,375 a tonne, down $70 on the week.

The London Futures and Options Exchange's robusta coffee market made further ground this week in response to improving hopes that Brazil would take a positive role in attempts to revive the International Coffee Organisation's export quota system. It emerged on Wednesday night that the Brazilian coffee industry's private sector - including growers, processors and exporters - had passed to the government proposals for a new international coffee pact with economic clauses.

This helped to encourage a rise that left the May futures price $33 up on the week at $878 a tonne.

Richard Mooney

APPOINTMENTS

The intensity of saving an acre of rain-forest

Geraldine Sharpe-Newton, who has hitherto communicated on behalf of the visual media on both sides of the Atlantic, has effected a sharp career switch to become director of communications for the UK arm of the World Wide Fund For Nature (WWF).

An American, she worked as director of information services at CBS News in New York for three years "handling the transition after anchor-man Walter Cronkite left", before she moved to London, where she was with ITN for eight years, first as head of public affairs, then head of corporate relations.

"I decided it was time to give something back to the *environment. Of all possible* sorts of organisation (as employers) I had never thought about charities. But I answered an ad, and it was a total fluke."

Well, perhaps not exactly a fluke. Last year her long-time companion was one of the CBS team imprisoned in Iraq - and later released - for 40 days almost from the beginning of the Gulf War. "It was a catalyst for change," she says mildly of the experience.

Hence, at 47 and with her two children grown-up, she decided that "saving an acre of rain forest means much more than assembling a set *of press clippings*".

New to the world of charities, she professes to have been "stunned at the overall level of expertise, and the discipline of the organisation".

As part of a big restructuring at WWF, she has taken up a newly created post, and is one of the seven-strong directorate determining strategy for the UK. "Our message has changed; we started as a species organisation, but that has grown as we realised we had *to look at the whole habitat*, the whole environment."

Just returned from a conference in Kyoto on trade and endangered species, she says in satisfied tones: "It is probably the most intense work I have ever done."

Non-executive directors

■ As a result of a reorganisation of responsibilities at County NatWest, Derek Wanless has resigned from the board of LOMBARD NORTH CENTRAL and Bernard Horn has taken his place.

■ Chris Masters and Lawrence Urquhart at SCOTTISH WIDOWS.

■ David Haggett, senior partner of Evershed Wells and Hind, and chairman of the Heart of England appeal to send athletes to the Barcelona Olympics, as chairman of EXCALIBUR AIRWAYS.

■ Dominic Shorthouse at LWT (HOLDINGS).

■ Philip Ling at JAMES WILKES.

■ Timothy Sallitt, 57, former deputy chairman of the Export Guarantees Advisory Council and a past president of the British Electro Technical and Allied Manufacturers' Association, who left the Hawker Siddeley board in 1990, is to become chairman of ML HOLDINGS on the retirement of Sir Peter Horsley.

Swings and roundabouts in Aronstead's garden

Aronstead, Britain's leading garden and patio furniture-maker, has recruited three key, and relatively young, executives after the company, which is suffering significant losses, parted with its managing director and sales director in the past few months.

David Smallridge, 36, joins as managing director from Coats Viyella, where he was managing director of lace net curtain maker Stiebel, on the departure of Geoff Gurling. Aronstead's parent, Headway, formerly Beaverco, just announced losses for the six months to December 1991 of £795,000; it attributes the bulk of the short fall to Aronstead, which was hit by a poor summer, but also, in Headway's view, would have benefited from stronger management.

Headway's chief executive Andrew Staniland - himself from Tootal, now owned by Coats Viyella - knew Smallridge, who had also been at Tootal earlier in his career, and was attracted among other things by his knowledge of the mail-order business.

Malcolm Ritchie, 41, is the new finance director, previously finance director of Chloride's US subsidiary Altus. "They gave him a heap of problems and he did an excellent job," says Peter Hogdson, Headway finance director. "We hope he will eat it alive," he adds, of the task at Aronstead, a much smaller company, but one with ambitious plans.

Part of the new strategy is to break the seasonality of garden furniture, with products ranging from toy prams - the Christmas market - to slides and climbing frames for the Early Learning Centre. The new sales and marketing director, who says more than 20 new products are planned for launch next year, is Linda Oliver, 38. She replaces the previous marketing director who left last autumn after just six months. Hers is also a main board appointment.

With her timing "less than perfect". Oliver left Tootal Apparel shortly after a management buyout, where she says she was not a major shareholder, and effectively not on the board. She admits it cost her dearly financially, but says she is more excited by the Aronstead opportunity. She too knows Smallridge when they worked together many years ago at Bradgate, then Tootal's furry carseat cover-maker.

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AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F

[illegible]

Abbey Unit Tst Mngrs (1000)H

[illegible]

Aberforth Unit Trust Managers Ltd (1600)F

[illegible]

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F

[illegible]

Britannia Life Unit Managers Ltd (1200)F

[illegible]

Brown Shipley & Co Ltd (1000)F

[illegible]

Confederation Funds Mngt Ltd (1200)F

[illegible]

Consistent Unit Tst Mngt Co Ltd (1200)F

[illegible]

Co-op Pension Fds UT Mgrs Ltd (1000)F

[illegible]

Cornhill Unit Trust Mngrs Ltd (1000)F

[illegible]

Crown Unit Tst Services Ltd (1200)H

[illegible]

Gartmore Fund Managers (1200)F

[illegible]

INVESCO MIM UT Mngrs Ltd—Contd.

[illegible]

Kleinwort Benson Unit Trusts (1400)F

[illegible]

Marlborough Fund Managers Ltd (1630)F

[illegible]

Martin Currie Unit Trusts Ltd (0905)H

[illegible]

National Provident Inv Mngrs Ltd—Contd.

[illegible]

Newton Fund Mngrs Ltd (1200)F

[illegible]

St James's Place UT Group Ltd—Contd.

[illegible]

Save & Prosper Group (0900)H

[illegible]

Marks & Spencer Unit Trust Ltd (1200)F

[illegible]

National Provident Inv Mgrs Ltd (1400)H

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

[illegible]

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Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♥	5	301.8	301.8	322.6	+3.8	0.69
(Accum Units) ♥	5	355.2	355.2	378.5	+4.4	0.69
British	5	772.2	786.2xd	831.9	-6.4	5.22
(Accum Units)	5	1295.8	1318.5	1395.1	-9.1	5.22
European	5	[illegible]	[illegible]	[illegible]	-2.1	1.38
(Accum Units)	5	369.0	369.0	391.9	-2.2	1.38
Japan	5	99.15	99.15	105.5	-0.7	-
(Accum Units)	5	99.94	99.94	106.3	-0.7	-
New Pacific	5	199.4	199.4	212.3	+2.0	1.61
(Accum Units)	5	204.8	204.8	218.0	+2.0	1.61
PEP Mar 18	5	145.3	147.1	155.5	-1.4	3.58
Mngd Equity	5	123.8	125.2	132.5	-0.1	2.84
Mngd Equity Acc	5	131.4	132.8	140.6	-0.1	2.84
Mngd Cash	0	96.96	96.96	96.96	-	10.25
(Accum Units)	0	119.6	119.6	119.6	-	10.25
Majority Stg	1	100.93	100.93	101.94	-	9.98
Majority Stg Acc	1	109.91	109.91	111.01	-	9.98

Storebrand Intl Inv Mngrs Ltd (1200)F
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

International Mar 13	0	51.10	51.10	51.98	-	3.18

Sun Alliance Unit Tst Mngmt Ltd (1200)F
St Mark's Court, Horsham 0403 232323

Equity	6	586.4	594.3	635.6	+1.8	3.21
North America	6	89.03	89.03	95.22	+0.92	0.30
Far East	6	87.59	87.59	93.70	+0.38	0.80
W'wide Bond	6	49.07	49.07	52.20	+0.01	6.25
European	6	68.99	68.99	73.79	+0.05	1.49
Equity Income	6	64.03	64.03	68.48	-0.04	6.07
Portfolio	6	58.26	58.26	62.31	+0.14	2.49
Broker Trusts						
Worldwide Growth	6	47.00	47.00	50.00	-	2.23

Sun Life of Canada Unit Mgrs Ltd (1000)H
Basingview, Basingstoke, Hants 0800-525725

American Growth	6	27.97	27.97	29.92	+0.28	0.66
Managed Assets	6	98.95	99.57	106.50	-0.21	3.82
UK Income	6	29.81	30.19	32.29	-0.16	4.87

M & G Securities Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Charibond Mar 19	102.02		-0.2	10.57
(Accum Units)	617.84		-1.4	10.57
NAACIF Mar 17	40.00		-	9.7

Morgan Grenfell Investment Funds Ltd
Exempt Funds

UK Equity † Mar 17	125.6	135.6	-	2.00
UK Small Co † Mar 17	516.8	567.1	-	3.53
Fixed Interest † Mar 17	110.7	116.3	-	8.61
US Small Co Mar 17	182.8	195.5	-	0.00
Managed Mar 17	106.9	114.7	-	3.47
Intl Bond Mar 17	121.4	130.0	-	10.02
Japan Mar 17	61.23	65.77	-	4.60
European Mar 17	91.81	98.16	-	1.75
Nth American Mar 17	122.4	131.7	-	1.21

Murray Johnstone UT Mngmt
Murray Exempt Funds

Amer Exmt Mar 18	56.92	59.10	-	1.86
Euro Exmt Mar 18	54.20	56.91	-	2.23
Fixed Int Ex Mar 18	45.99	48.16	-	9.03
Japan Exmt Mar 18	37.68	39.19	-	0.78
Managed Ex Mar 19	44.01	45.77	-1.79	4.38
SE Asia Exmt Mar 18	77.89	81.79xd	-	2.35
Sm Cos Exmt Mar 18	35.73	37.52	-	3.45
UK Eqty Ex Mar 18	42.38	44.50xd	-	3.78

Phillips & Drew Fund Management Ltd

Small Co's Mar 4	685.08	728.90	-	4.18
Do Accum	794.71	845.53	-	4.18
Int Exmt Mar 19	188.39	192.36	+0.27	1.62
UK Index Mar 4	1188.34	1203.16	-	4.74
Do Accum	1315.34	1331.65	-	4.74
Convertible Mar 16	95.18	98.23	-	8.28
World-ex UK Index Mar 17	[illegible]	[illegible]	-	2.06
Do Accum	771.30	780.61	-	2.06
Japan Index Mar 17	481.36	488.71	-	0.83
Do Accum	483.26	490.64	-	0.83
USA Index Mar 17	1075.38	1083.00	-	2.96

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

For UK Life assurance see Century Life Plc

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	Bid Price	Offer Price	+ or -	Yield Gross
CMI Fund Managers (IoM)				
Clerical Medical Hse, Douglas, IoM 0624 625690				
High Income 5	0.4883	0.5141	[illegible]	10.34
CMI Core Portfolio Fund				
UK 5	0.9825	1.0527	[illegible]	–
USA 5	1.0979	1.1643	[illegible]	–
Japan 5	0.5380	0.5679	[illegible]	–
Equity & Law Intl Fund Mngrs Ltd				
Victory Hse, Prospect Hill, Douglas IoM 0624 677877				
Total Income Fd 5	95.15	95.39	+0.00	10.2
Gartmore Fund Managers (IoM)				
PO Box 32, Douglas, IoM 0624 627610				
Intl Grth 5½	494.0	529.3	+2.2	0.9
Leopold Joseph Fund Mngrs (IoM) Ltd				
PO Box 52 Athol St Douglas IoM 0624 661020				
L.J. International 5½	94.37	101.56	-0.14	–
Mercury Fund Managers IoM Ltd				
11 Hill Street, Douglas IoM 0624 662255				
Merc IoM Fund 5	102.9	109.8	–	7.6
Merc Intl Bond 5	54.06	56.87	+0.04	8.8
Sun Life Management (IoM) Ltd				
PO Box 178, Douglas, IoM 0624 622444				
Secure High Income 6	1.0171	1.0925	[illegible]	8.24
Unibank Scandinavian Fund Ltd				
23 Bucks Road, Douglas, IoM 0624 626484				
Scandinavia Fd 5	141.65	151.03	–	1.0

ISLE OF MAN (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
CMI Fund Mngrs (IOM)				
Traders Fund Ltd H	$17.31	18.71	–	–
*Dealings Wednesday				
City Financial Admin (IoM) Ltd				
Beckman Option & Warrants	60.0	72.0	-0.05	0.00
Beckman Option & Warrants $	$1.03	1.24	-0.10	0.00
Beckman Reserve Assets	104	104	[illegible]	[illegible]
Duncan Lawrie Inv. Mgt. Ltd				
DL Sterling	129.7	138.2	-7.0	4.7
DL International	$1.55	1.63	-0.07	1.9
Equity & Law International Fund Mgs Ltd				
European Equity	164.45	173.08	-0.35	–
Far Eastern Equity	$2.2237	2.3404	+0.0179	–
North Amer Equity	$1.8322	1.9283	[illegible]	–

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
EBC Trust Company (Jersey) Ltd						
EBC Amro Traded Currency Fund Ltd*						
Income			$15.38	15.852	–	4.86
Capital			$23.63	24.349	–	3.90
*Offer price includes 3% prelim. charge						
International Income Fund						
Eurobd Long Term*			$32.51	33.9094	–	4.97
* Offer Price includes 3¼% Initial Charge						
Equitilink International Mngt Ltd						
First Aust Prime Inc Inv Co Ltd NAV Mar 19 C$12.68						
First Aust Prime Inc Inv Co Ltd NAV Mar 19 US$10.62						
NAV Diluted to reflect exercise of all Wnts C$12.37 US$10.35						
Fidelity Investment (CI) Ltd						
Sterling American			£2.532	2.665	+0.010	–
Fleming Group						
Robert Fleming Management (Jersey) Ltd						
Deutschland Inv Co NAV			DM16.53			
Foreign & Colonial Mngt (Jersey) Ltd						
Foreign & Colonial Reserve Asset Fd Ltd						
US$ Cash			$10.62		–	–
Multicurrency Cash			$16.26		-0.11	–
Sterling Cash			£11.65		–	–
US$ Bonds			$14.46		+0.03	–
Multicurrency Bonds			$19.11		-0.08	–
Sterling Bonds			£12.72		-0.03	–
D Mark Bonds			DM10.39		-0.01	–
Ecu Bonds			Ecu11.62		-0.02	–
UK Equities			£9.97		-0.06	–
US Equities			$16.28		–	–
Japanese Equities			Y[illegible]		–	–
Global Equities			$10.71		-0.07	–
John Govett Management (Jersey) Ltd						
[illegible] NAV Mar 19			$10.66		–	–
[illegible] NAV Mar 21			$8.58		–	–
Paragon Fd NAV Feb 28			$10.38		–	–
Paragon Redemption			99.99		–	–
Hungarian Inv Co Feb 28			103.85		–	–
For Holborn Fund Mngrs see Prudential Fund Mngrs						
INVESCO MIM International Limited						
All Funds deal daily except where indicated.						
Sterling Denominated Income Funds						
American Equity Inc			£1.549	1.642	+0.025	3.82
Japan Inc & Grwth			£1.254	1.345	-0.004	2.25
Sterling Denominated Growth Funds						

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
Global Asset Management – Contd.				
GAM Overseas	$114.77		+4.00	–
GAM Pacific	$553.14		-1.85	–
GAM Pacific Basin Fd	$125.24		-1.00	–
GAM Restructuring	$153.24		–	–
GAM Selection	$486.82		–	–
GAM Singapore/Malaysia	$257.62		–	–
GAM SFr Special Bond	SFr107.92		–	–
GAM Tokyo Fonds	DM99.68		–	–
GAM Tokyo Fonds Acc	DM99.68		–	–
GAM Tyche	$280.34		–	–
GAM U.S.	$221.31		–	–
GAM US Investments	$480.37		-10.68	–

	Bid Price	Offer Price	+ or -	Yield Gross
Orbis Investment Management Ltd				
Orbis Global Eqty	$13.09	13.75	+0.39	–
Orbis Optimal Eqty	$17.32	18.21	+0.48	–
Orbis Leveraged Eqty	$19.10	20.20	+0.38	–
* Prices on Mar 19 Next Pricing Mar 26 Weekly Pricing				
Orbitex Bahamas Ltd				
Orbitex Nat Res Fd	C$7.4334	8.1767	–	–
Orbitex Growth Fund	$7.3122	8.0433	–	–
[illegible]	$5.1966	5.7163	–	–
ORIENT Growth Fd				
NAV		59.19	+0.04	–

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. b Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). o Offered price includes all expenses except agent's commission. y Previous day's price. ⊕ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. xd ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Commercial Relations Department; Luxembourg: Institut Monétaire Luxembourgeois

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Mar 19	Mar 18	Mar 17	Mar 16	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3261.40	3254.25	3256.04	3236.36	3290.25 (3/3)	3172.41 (2/1)	3290.25 (3/3/92)	41.22 (2/7/32)
Home Bonds	98.60	98.55	98.50	98.54	99.81 (6/2)	98.50 (17/3)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1420.78	1401.72	1400.02	1395.74	1457.66 (20/2)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	205.12	204.62	204.87	204.06	225.59 (3/1)	202.55 (6/3)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3286.23 (3281.98) Low 3240.38 (3230.10)

STANDARD AND POOR'S

	Mar 19	Mar 18	Mar 17	Mar 16	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	409.80	409.15	409.58	406.39	420.77 (15/1)	403.89 (12/3)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	487.84	487.39	487.93	483.80	499.27 (15/1)	480.59 (12/3)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.60	34.44	34.32	34.00	35.14 (15/1)	33.53 (31/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	226.25	225.94	226.01	224.44	231.85 (15/1)	223.30 (12/3)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	402.17	400.97	405.64	402.88	418.99 (12/2)	395.51 (2/1)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	625.96	624.94	623.27	617.94	644.92 (12/2)	586.45 (2/1)	644.92 (12/2/92)	54.87 (31/10/72)

	Mar 13	Mar 6	Feb 28	year ago (approx.)
Dow Industrial Div. Yield	2.84	2.84	2.79	3.42

	Mar 18	Mar 11	Mar 4	year ago (approx.)
S & P Industrial div. yield	2.61	2.64	2.61	2.88
S & P Indl. P/E ratio	28.91	28.51	28.61	17.95

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Bari	6,090,400	14	... .
Ford Motor	4,943,600	40	+ 1
Chrysler	3,620,100	18¾	+ ½
Glaxo	3,445,800	26¼	- ⅛
Waste Man	2,524,400	41¼	+ 1⅛
Am T & T	2,308,300	39⅞	+ ⅛
IBM	1,902,200	86	- 1½
Limited	1,895,600	30¼	+ 1
Gen Motors	1,885,900	38⅝	+ ⅛
Transco	1,771,700	12	- 1⅞

TRADING ACTIVITY

† Volume (Millions)	Mar 19	Mar 18	Mar 17
New York SE	197.240	190.800	187.240
Amex	23.415	28.357	14.694
NASDAQ	189.966	179.271	173.766
NYSE			
Issues Traded	2,221	2,230	2,222
Rises	914	907	1,064
Falls	774	803	649
Unchanged	533	520	509
New Highs	85	61	100
New Lows	31	28	16

CANADA

TORONTO	Mar 19	Mar 18	Mar 17	Mar 16	1992 HIGH	1992 LOW
Metals & Minerals	2994.50	2986.63	2968.93	2961.53	3238.87 (16/1)	2935.22 (2/1)
Composite	3466.73	3451.86	3439.84	3444.14	3666.00 (16/1)	3439.84 (17/3)
MONTREAL Portfolio	1806.53	1798.39	1800.33	1806.92	1937.59 (16/1)	1798.39 (18/3)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable

	Mar 20	Mar 19	Mar 18	Mar 17	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1584.1	1572.4	1568.9	1578.9	1675.60 (15/1)	1580.00 (18/3)
All Mining (1/1/80)	687.1	683.3	685.2	695.3	717.20 (25/2)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	437.77	439.62	439.98	435.83	465.20 (18/3)	372.24 (2/1)
Traded Index (2/1/91)	1046.45	1050.27	1052.35	1040.63	1099.43 (24/2)	981.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1208.89	1204.54	1208.26	1209.76	1234.72 (3/3)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	338.73	338.69	338.84	338.50	365.29 (25/1)	338.50 (17/3)
FINLAND						
HEX General (28/12/90)	861.6	863.8	856.1	853.8	935.90 (24/2)	779.80 (2/1)
FRANCE						
CAC General (31/12/82)	528.30	522.36	524.45	522.71	534.00 (11/3)	475.53 (2/1)
CAC 40 (31/12/87)	1939.12	1921.99	1928.16	1943.59	1993.80 (18/3)	1749.92 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	704.44	708.79	704.45	702.27	715.44 (3/3)	643.26 (8/1)
Commerzbank (1/12/53)	1992.9	1982.5	1989.9	1988.0	2026.70 (3/3)	1813.80 (8/1)
DAX (30/12/87)	1736.30	1724.63†	1732.16	1730.07	1764.80 (5/3)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	5015.81	4990.59	5036.07	5045.39	5071.19 (13/3)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1398.22	1395.66	1397.86	(c)	1469.57 (17/1)	1391.49 (8/1)
ITALY						
Banca Com. Ital. (1972)	511.79	514.36	510.09	503.20	551.59 (6/2)	503.20 (17/3)
MIB General (2/1/87)	1008.0	1022.0	1007.0	992.0	1086.00 (5/2)	992.00 (2/1)
JAPAN						
Nikkei (16/5/49)	(c)	20186.09	19764.31	19917.63	23801.18 (6/1)	19764.31 (18/3)
Tokyo SE (Topix) (4/1/68)	(c)	1451.14	1407.78	1433.87	1763.43 (6/1)	1407.78 (18/3)
2nd Section (4/1/68)	(c)	2126.35	2119.93	2180.83	2489.85 (6/1)	2115.93 (18/3)
MALAYSIA						
KLSE Composite (4/4/86)	608.19	597.96	600.40	596.49	619.06 (28/2)	546.63 (14/1)
NETHERLANDS						
CBS Ttil.Rtn.Gen (End 1983)	293.2	292.9	292.4	292.4	295.10 (4/3)	274.00 (8/1)
CBS All Shr (End 1983)	205.9	205.7	205.5	205.3	439.80 (17/3)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	715.65	713.60	713.63	701.45	748.05 (17/1)	667.85 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	1120.17	1105.67	1101.27	1083.01	1383.30 (17/1)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	387.34	386.83	386.71	387.93	416.99 (21/1)	384.70 (9/3)
SOUTH AFRICA						
JSE Gold (28/9/78)	1129.6	1126.0	1167.0	1165.0	1327.00 (21/1)	1119.00 (2/1)
JSE Industrial (28/9/78)	4415.5	4409.0	4447.0	4385.0	4535.00 (25/2)	4160.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	615.39	612.67	614.36	615.19	691.48 (8/2)	609.63 (15/1)
SPAIN						
Madrid SE (30/12/85)	258.38	(c)	258.53	259.22	266.51 (28/2)	238.93 (2/1)
SWEDEN						
Affarsvarlden Gen. (1/12/37)	1009.7	1007.70	1002.50	988.70	1009.70 (20/3)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	815.8	823.0	808.6	807.5	827.50 (4/3)	748.50 (8/1)
SBC General (1/4/87)	645.8	644.7	640.9	639.4	650.10 (3/3)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4828.10	4800.25	4851.95	4898.32	5391.63 (30/1)	4492.17 (6/1)
THAILAND						
Bangkok SET (30/4/75)	814.39	811.78	808.49	795.36	816.50 (17/3)	711.81 (3/1)
WORLD						
M.S. Capital Intl (1/1/70) (*)	492.2*	493.9	491.8	492.0	542.10 (7/1)	490.20 (16/3)
Euro Top-100 (26/6/90)	922.48	923.09	922.82	923.17	943.20 (3/3)	870.31 (2/1)

**Saturday March 14: Taiwan Weighted Price: 5029.61. Korea Comp Ex. 609.45.
x Subject to official recalculation. † Correction. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 20 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow edges higher in heavy early volume

Wall Street

WITH a "triple witching" hanging over the US stock market yesterday, share prices were edging slightly higher during the morning's trading, *writes Nikki Tait in New York.*

Trading volumes were relatively heavy, compared with morning sessions earlier in the week. However, dealers suggested that much of the business occured when the market opened, and they were expecting a second burst in the last hour of trading.

Market observers also suggested that the impact of the triple witching, which occurs when stock-index options and futures expire simultaneously, should be broadly positive, although they expected many investors to remain on the sidelines until the potentially volatile session was over.

By *1 pm*, the *Dow Jones* Industrial Average was standing at 3,264.76, up 3.86 on the previous night's close. The more broadly-based Standard & Poor's 500 Index was down fractionally at midsession, while the Nasdaq index, which measures the over-the-counter market, gained 1.5 higher at 624.40.

On the New York Stock Exchange, advances were almost even with declines in exceptionally heavy volume of 131m shares. Among the most active shares during the morning session was AT&T, the US telecommunications group. Its shares gained $¼ to $40⅝, on news that a $1.4bn contract from the Internal Revenue Service to AT&T for computer equipment and services had been confirmed. The contract was first awarded to the company in July last year, but the decision had subsequently run into controversy.

Also rising sharply were shares in Allied Signal, up $2⅝ to $51¾. The company said that it expected to report first quarter earnings of 85 cents a share, some 15 to 20 cents higher than analysts had been predicting. Allied Signal said that reasons for the better-than-expected figures lay partly in an accelerated restructuring programme, and partly in relatively strong sales in the automotive aftermarket.

Two of the US car companies enjoyed useful gains yesterday morning, with shares in Ford gaining $¼ to $40⅞ and General Motors rising $⅛ to $38½. Only Chrysler, the weakest of the "Big Three" Detroit manufacturers, eased back $⅝ to $18. Analysts at Painewebber, the Wall Street brokers, were said to have raised their earnings estimates for the industry.

Elsewhere, a "buy" recommendation by Kidder Peabody analysts helped LA Gear, the sportswear company, to a $1⅛ rise at $14⅞. However, Eli Lilly, the large drugs company, lost $⅞ at $70½ on news that a Painewebber analyst had switched his recommendation from "attractive" to "neutral", primarily because of disappointing sales for the group's antidepressant drug, Prozac.

Canada

TORONTO wavered around the 3,470 mark on the TSE 300 composite index as the market complained of soft bond prices. and little leadership from New York. The TSE 300 rose 3.1 to 3,469.8, advances leading declines by 231 to 201 in volume of 19.5m shares valued at C$207.6m.

EUROPE

Technical and political influences move bourses

THE CORPORATE results season had to contend with technical and political influences on bourses yesterday, *writes Our Markets Staff.*

FT-SE Eurotrack 100 - Mar 20							
Hourly changes							
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1153.00	1154.21	1154.43	1154.38	1155.19	1154.42	1153.95	1153.93
Day's High 1155.59				Day's Low 1153.00			
Mar 19	Mar 18	Mar 17	Mar 16	Mar 13			
1153.18	1153.82	1151.88	1145.61	1154.40			

FRANKFURT withstood its first-ever "quadruple witching hour" covering the multiple expiry of futures and options contracts, with effects which were obvious to the *aficionados*, but not marked in blue chip share price terms.

Opening prices were clearly higher in Frankfurt, said Mr Jens Wiecking of Merck Finck in Düsseldorf. At the close the DAX was 11.67 higher on the *day, and 0.2 per cent up on the* week at 1,736.30 after gains of 3.65 and 0.1 per cent respectively for the FAZ at 704.44.

The firmer start seemed to *indicate that futures players* had long positions in the expiring March DAX future. Then, as DAX option contracts were settled in the last few minutes, *the index fell by around four* points from an earlier high of just over 1,740.

Underlying that, said Mr Wiecking, was a rise in companies which could look forward to better earnings in the US, or export margins on the strength of the higher dollar. In chemicals, Hoechst especially comes *into this category, and* led the big three higher with a rise of DM4.30 to DM259.60. Carmakers, favoured for similar reasons, saw BMW DM6.30 higher at *DM560.60.*

Among special situations, Continental, the tyremaker, had one of its occasional days in the sun with a rise of DM8.30 to DM247.70 reflecting improving fundamentals, the dollar and the possibility that stock *is still* being accumulated with the abortive takeover approach from Pirelli still a very recent memory.

In retailing, Asko took its gain on the week to DM100, or 13.7 per cent on the latest, bullish projections from its management. The stock is 37 per cent above its low for the year, and analysts are suggesting that profit-taking is in order.

STOCKHOLM was mixed on a variety of corporate results as the Affärsvärlden General index rose 2.0 to 1,009.7, 2.4 per cent higher on the week.

Asea B rose another SKr6 to SKr356 on Wednesday's good results from its jointly owned operating company, ABB, and Volvo B closed SKr5 higher at SKr411 after its Thursday report of a fourth-quarterly operating profit, after five consecutive quarterly losses.

However, in transport, Bilspedition B dropped SKr10 to SKr43 on an 85 per cent drop in 1991 profits.

PARIS brokers said that Sunday's French regional elections kept investors out of the bourse. The CAC-40 index fell 2.87 to 1,919.12, down 1.4 per cent on the week, in light turnover of about FFr1.75bn.

Liquid commodities of one sort or another seemed to be active. In oils, Esso climbed another FFr27, or 3.7 per cent to FFr757 in 108,000 shares after Thursday's 3.1 per cent gain on a doubled dividend. But Total fell FFr2.90 to FFr230.10 in 291,650 as it confirmed that its Hutchison unit is looking into buying assets owned by *the Italian* tyremaker, Pirelli.

Perrier dipped by FFr33, or 2.1 per cent to FFr1,546 after Thursday's FFr34 gain, traders citing a report that *Agnelli is* not interested in a takeover battle with Nestlé for the French mineral water group. Another heavy faller was Pernod-Ricard, down *FFr26 or 1.7* per cent to FFr1,482 before next week's results.

MILAN opened an hour later because of a visit by Prime Minister Giulio Andreotti and moved little during the day with volume remaining light. The Comit index shed 2.55 to 511.79, but up 0.2 per cent on the week. Turnover was estimated at L80bn.

Pirelli gained L34 or 2.7 per cent to L1,263 on the Total report.

ZURICH closed slightly firmer, activity slowing from early hectic trade when expiring Soffex options and futures took prices up to the day's high. The *SMI* leading share index hit 1,852.9 at one point, but closed only 3.8 higher at 1,837.1, 1.7 per cent higher on the week.

Higher profits took *Nestlé* bearers up SFr40 to SFr9,550, and Swissair bearers rose another SFr18 to SFr735 on news that the airline was cutting down the executive board responsible for day-to-day business.

AMSTERDAM's CBS Tendency Index closed little changed, up *0.2* to 125.8, a rise of 0.5 per cent over the week.

Elsevier, which reported a 10.8 per cent increase in profits after the close, dipped Fl 1.40 to *Fl 114.60, having earlier shown* moderate gains.

Heineken, which has been performing strongly all week, came off Fl 1.4 to Fl 189.10 as some investors moved in to take profits.

Nedlloyd declined a further 2.35 per cent following its mid-week announcement that two institutions were converting loans into shares. It finished down Fl 1.4 to Fl 58.00.

BRUSSELS fell with the Bel-20 index ending 3.65 lower at 1,200.89, nearly 1 per cent down on the week. Turnover was BFr740m.

Clabecq, the steelmaker, fell BFr190 or 10 per cent to BFr1,660 after its announcement on Thursday of larger than expected half-year losses.

ISTANBUL rose for the third consecutive day, although many investors remained cautious, fearing violence ahead of today's Kurdish new year. The 75-share index advanced 67.52 to 3,990.61, an increase of 3.4 per cent on the week.

MADRID rose slightly with the general index slipping back 0.17 to 256.38, for a fall of 0.7 per cent over the week.

VIENNA drifted lower in thin volume, the ATX index closing down 3.81 to 1,046.46; but it was 2 per cent up on the week.

SOUTH AFRICA

JOHANNESBURG closed firmer as the market anticipated a cut in interest rates. The all-share index rose 4 to 3,546 and the industrial index was 2 better at 4,411. The gold *index fell 6 to 1,126.* Vaal Reefs put on R3 to R199.

Swiss franc depreciation trims growth in Zurich

Equities have had a good start, writes **Ian Rodger**

The Swiss are early risers.

That admirable trait may help explain why the Swiss stock market has been extraordinarily lively early in the year for the second year in a row, in spite of an economic backdrop which is as dreary as a foggy winter morning in Zurich.

The SMI index of leading shares leapt out of the starting gate on January 1 at 1,670.1 and dashed to 1,840.6 by the end of February, a handsome rise of about 10 per cent.

"The targets we set for the end of June have already been met," Mr Sylvan Trachsler, head of research at Union Bank of Switzerland, says.

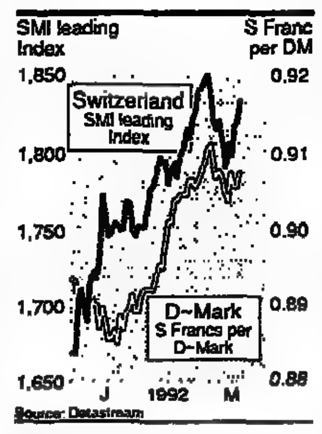
The question that torments him and other analysts is whether that is it. Will the rest of 1992 turn out to be as dull as was the rest of 1991? Mr Trachsler, for one, has opted for caution, seeing the market "more or less going sideways" for the next few months. This is a view shared by Michel Petitpierre, head of Swiss research at Pictet & Co, although he is calling for "a slight correction" because of the recent setback in the government's monetary policy.

Mr Bernard Tschanz, head of Swiss equity research at Crédit Suisse, is slightly more optimistic, seeing the SMI at 1,900 by mid-year and 1,950 by year end.

Most analysts are agreed that the main prop for the market in January and February was the expectation that interest rates were going to drop sharply following indications that inflation in Switzerland was declining.

"People got a bit too excited about it," an analyst at James Capel says. Among them was the Swiss National Bank which declined to follow Germany's official interest rate rises in December. Perhaps it thought that Switzerland could still play on its reputation as a stable haven for capital, but that era seems to have passed.

In January and February, the Swiss franc declined sharply against the Deutschmark and this month the SNB intervened to stop the fall, nudging up interest rates. The likelihood is that the lingering



gap between Swiss and German *bond yields has become a* risk factor for the equity market, rather than a bull point.

Financial shares have been the main victims of the interest rate rises. CS Holding, parent of Crédit Suisse, jumped from SFr1,755 at the beginning of the year to SFr2,070 at the end of February, but have since fallen back to SFr1,970. Zurich Insurance bearers went from SFr4,320 to SFr4,620 and back to SFr4,230 over the same period.

The negative effects have probably been limited by indications of very strong profit gains in 1991. The big three banks all reported record 1991 profits and analysts are confident that the big three chemical and pharmaceutical companies, which will be reporting results next week, will also do well.

The rush of announcements of stock splits and other moves to make companies more investor friendly has also contributed to the market's strength. Mr Tschanz says it has been the most important factor in the first two months, and it will continue to have a big influence in the short term.

Unfortunately, it is difficult to predict when and how these announcements are going to affect individual shares or the market as a whole, perhaps because, as another analyst observes, the Swiss market suffers from a relatively uneven diffusion of information.

The tendency of Swiss companies to do more to please international investors has been apparent for several years, and it was widely known that this would get a big boost this year following modifications to the companies law, facilitating share splits and forcing simplification of capital structures.

Some companies, such as Nestlé, made clear several months ago their intention to split their shares as soon as they could. Yet *Nestlé shares* reacted sharply to a newspaper article in January rehearsing this point.

Holzstoff shares rose on the announcement of *a capital* restructuring. Its bearers were at SFr5,050 before the announcement and now stand at SFr5,300. But Alusuisse *shares did not.*

In the Holzstoff case, the action was especially radical, with restrictions on foreign ownership coming off, a single class of shares being established and a 10-for-one share split proposed. Also, group 1991 earnings were up 22 per cent and the dividend was raised. One analyst said the shares were now very attractive, combining little downside risk with a possibility of becoming a takeover target.

In some cases, significant gaps still exist between the prices of shares and participation certificates of companies which are expected to announce capital restructuring. This, according to Mr Trachsler, offers speculative opportunities, notably in the PCs of Helvetia and the cable maker, Cortaillod.

Whatever impact these moves have had so far, there could be further effects after July 1 when the splits will actually be carried out and it becomes easier for small investors to buy many Swiss shares.

However, by then, the current squeeze on interest rates may also have eased, bringing other stimuli to the market. Mr Tschanz is looking for another year of strong profit growth – 15 per cent compared with 21 per cent last year. That would indicate that the market is on a prospective price-earnings ratio of 12.7. "It is not cheap, but it is not expensive," he says.

ASIA PACIFIC

Buying interest moves to Australia

WITH Tokyo closed for the spring equinox holiday, equity market interest seemed to move to the Antipodes yesterday although Bombay, too, rose sharply.

AUSTRALIA was boosted by encouraging economic news and the All Ordinaries Index closed up 12.6 at 1,584.1, a fall of *0.2* per cent on the week.

The market was encouraged by a rise in consumer sentiment to its highest level for more than three years.

BHP put on *18* cents to A$13.44 and was followed by fellow mining groups, CRA rising 4 cents to A$13.80 and Western Mining gaining 13 cents to *A$4.86.*

TNT was off 2 cents at A$1.86: it announced on Thursday that it had agreed to operate a joint international express mail service with European and US post offices.

NEW ZEALAND recovered after hitting a four-month low in early trading: the NZSE-40 index closed just *0.38 down* at 1,438.81 after falling to 1,424.95, a 0.9 per cent decline over the week. Turnover was NZ$19.9m after NZ$10.3m.

Analysts said that sentiment was encouraged by the stronger Australian market, but noted that a series of cash issues and public flotations over the coming weeks will take more than NZ$1bn from the market.

Fletcher Challenge gained 4 cents to NZ$3.42 having earlier hit NZ$3.36. Telecom remained weak, closing down 3 cents at NZ$2.28.

HONG KONG closed higher after speculation in second line stocks, the *Hang Seng index* ending 25.22 higher at 5,015.81, 1.1 per cent lower on the week, after a low on the day of 4,967.37.

HSBC Holdings, parent of the Hongkong Bank, traded heavily, adding HK$1 to HK$41.25. Brokers said that positive economic signals coming from the *National People's* Congress in Beijing, including a formal end to the Chinese austerity programme introduced in 1988, had little effect *as the news was already built* into the market.

BOMBAY rose sharply after reports that a daily limit on share purchases may be *relaxed. The BSE index* closed up 115.52 or 3.7 per cent to 3,243.53, but down 0.4 per cent on the week.

SINGAPORE finished easier, the Straits Times Industrial index falling 0.58 to 1,435.81, 2.1 per cent down on the week. Volume rose from 24.7 to 26.3m shares.

Landmark rose seven cents to S$1.10 in 2.05m shares on speculation that shareholders will be given an option to buy new shares in a subsidiary due to be *listed* this year.

KUALA LUMPUR closed firmer, the composite index finishing the day up 5.23 at 603.19 in turnover of some M$120m and registering a *1.3 per cent* rise on the week.

BANGKOK's advance continued with the SET index closing 2.61 higher at 814.39, a 1.1 per cent gain *on the week, in turn*over of Bt7.29bn.

Bangkok Land fell Bt3 to Bt199, Bangkok Bank gained Bt8 to Bt704 and Thai Farmers Bank *lost Bt3 to* Bt514.

MANILA rose in light trading on bargain hunting. The composite index closed up 15.10 to 1,120.17, but down 0.2 per cent over the week. Turnover was 52m pesos after 61m pesos.

The rise in the US of shares in Philippine Long Distance Telephone prompted activity by *local* investors and it closed 10 pesos ahead at 875 pesos.

TAIWAN finished higher on political concerns, but in slow trade, the weighted index closing 7.95 higher at 4,818.18, 4.2 per cent lower on the week, in thin turnover of T$17.1bn, down from T$19.7bn previously.

Investors were sidelined by political concerns as a National Assembly session opened to amend the constitution.

SEOUL saw strong gains in *Hyundai* subsidiaries on rumours that the Hyundai founder, Chung Ju-yung's newly-formed Unification National Party would do better than expected in *the March 24 elec*tion. The composite index rose 2.72 to 615.39, fractionally higher on the week in turnover of Won372.3bn.

JAKARTA *closed barely* changed, with the official index 0.68 higher at 277.49 as profit-taking kept some shares under pressure.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MARCH 19 1992								WEDNESDAY MARCH 18 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	142.22	+0.1	123.20	119.79	123.45	124.51	+0.2	4.44	142.07	121.57	118.63	121.80	124.21	160.31	112.74	132.55
Austria (20)	174.06	−0.9	150.78	146.62	151.08	150.96	+0.1	1.91	175.56	150.24	146.60	150.51	150.79	222.37	153.86	199.99
Belgium (46)	137.62	−1.8	119.21	115.91	119.45	116.92	−0.5	5.08	140.18	119.96	117.05	120.18	117.54	151.20	118.04	141.38
Canada (115)	130.17	+0.3	112.76	109.63	112.97	112.76	+0.6	3.29	129.76	111.05	108.35	111.24	112.10	144.28	126.49	137.45
Denmark (36)	234.37	−1.1	203.02	197.41	203.43	206.88	+0.2	1.78	237.03	202.84	197.93	203.21	206.57	273.94	217.74	248.41
Finland (15)	79.29	−0.4	68.68	66.79	68.82	75.52	+0.3	2.08	79.63	68.14	66.49	68.26	75.31	125.15	73.32	119.42
France (108)	150.17	−1.6	130.08	126.48	130.33	133.56	−0.3	3.33	152.56	130.55	127.38	130.78	134.01	156.43	119.11	139.80
Germany (65)	116.78	−1.9	101.16	98.38	101.36	101.36	−0.6	2.26	119.01	101.84	99.39	102.02	102.02	125.35	94.15	111.11
Hong Kong (55)	207.20	−1.0	179.49	174.52	179.85	206.05	−0.9	3.79	209.31	179.12	174.78	179.46	208.00	210.88	119.62	148.90
Ireland (16)	155.93	−1.4	135.08	131.34	135.34	137.80	−0.2	3.71	158.18	135.36	132.09	135.61	138.01	182.46	132.88	173.13
Italy (77)	71.29	−0.5	61.76	60.05	61.88	66.89	+0.9	3.47	71.62	61.29	59.80	61.40	66.32	88.23	64.76	82.03
Japan (473)	107.22	+2.2	92.88	90.31	93.08	90.31	+3.1	0.94	104.90	89.77	87.60	89.95	87.60	146.97	104.90	140.39
Malaysia (68)	240.90	+0.5	208.68	202.90	209.09	240.25	+0.0	2.61	239.68	205.11	200.13	205.47	240.19	250.18	189.18	233.30
Mexico (16)	1653.16	+0.3	1432.05	1392.44	1434.89	5534.49	+0.3	1.02	1648.72	1410.89	1376.72	1413.46	5519.17	1789.77	534.45	717.49
Netherland (31)	148.98	−1.2	129.05	125.48	129.31	127.83	+0.1	4.33	150.74	128.99	125.87	129.23	127.72	156.48	125.70	139.11
New Zealand (14)	44.91	−0.6	38.91	37.83	38.98	43.51	−0.6	6.32	45.20	38.68	37.75	38.75	43.75	54.64	41.18	44.83
Norway (24)	169.94	−1.3	147.21	143.14	147.50	151.97	+0.0	1.69	172.14	147.31	143.75	147.58	151.35	223.24	157.08	202.46
Singapore (38)	206.02	−0.6	178.46	173.53	178.81	157.27	−0.3	2.19	207.26	177.36	173.07	177.68	157.69	228.43	151.63	195.03
South Africa (61)	223.54	+2.0	193.64	188.28	194.02	177.36	−0.7	2.83	219.15	187.54	182.99	187.88	178.57	271.99	173.00	201.91
Spain (51)	151.53	−1.1	131.26	127.63	131.52	121.28	+0.0	4.96	153.27	131.16	127.99	131.40	121.28	171.12	131.51	165.18
Sweden (25)	187.11	−0.6	162.09	157.61	162.41	188.07	+0.8	2.71	188.30	161.14	157.24	161.44	186.77	204.12	146.60	191.38
Switzerland (59)	98.44	−0.7	85.27	82.92	85.45	92.43	+0.7	2.17	99.16	84.86	82.81	85.03	91.79	104.22	82.17	92.94
United Kingdom (233)	168.86	−1.1	146.28	142.22	146.55	146.28	+0.1	5.09	170.76	146.13	142.58	146.38	146.13	187.44	156.27	179.07
USA (523)	167.46	+0.2	145.06	141.06	145.36	167.46	+0.2	2.92	167.20	143.08	139.62	143.35	167.20	171.66	125.95	148.56
Europe (808)	140.43	−1.2	121.65	118.28	121.89	122.49	+0.0	3.96	142.20	121.69	118.74	121.91	122.50	151.52	125.50	142.94
Nordic (100)	174.52	−0.9	151.18	147.00	151.48	149.95	+0.4	2.17	176.13	150.72	147.08	151.00	149.34	200.81	155.56	186.74
Pacific Basin (717)	111.74	+1.9	96.80	94.12	96.99	94.69	+2.7	1.32	109.69	93.87	91.59	94.04	92.24	145.92	109.69	139.93
Euro-Pacific (1525)	123.46	+0.4	106.95	103.98	107.15	106.38	+1.4	2.52	122.92	105.19	102.64	105.38	104.89	147.66	121.29	141.55
North America (636)	165.11	+0.2	143.03	139.09	143.33	163.74	+0.2	2.94	164.84	141.06	137.65	141.34	163.45	169.69	125.91	147.79
Europe Ex. UK (575)	122.69	−1.3	106.28	103.36	106.51	108.43	−0.1	3.18	124.35	106.41	103.85	106.63	108.51	129.80	103.58	121.14
Pacific Ex. Japan (244)	156.35	−0.4	135.44	131.71	135.72	139.46	−0.3	3.86	156.91	134.27	131.04	134.53	139.89	158.16	111.40	134.42
World Ex. US (1719)	125.78	+0.5	108.96	105.95	109.18	108.66	+1.3	2.53	125.20	107.14	104.56	107.34	107.22	148.16	122.32	142.34
World Ex. UK (2009)	136.03	+0.5	117.83	114.58	118.08	124.80	+0.9	2.42	135.34	115.82	113.02	118.04	123.63	150.58	120.06	139.86
World Ex. So. Af. (2181)	138.35	+0.3	119.85	116.54	120.10	126.38	+0.9	2.69	137.91	118.02	115.17	118.25	125.28	153.05	122.92	142.98
World Ex. Japan (1769)	156.89	−0.3	135.91	132.16	136.20	147.78	+0.1	3.32	157.39	134.69	131.44	134.95	147.67	161.90	126.69	148.29
The World Index (2242)	138.89	+0.3	120.32	116.99	120.56	126.84	+0.9	2.69	138.42	118.46	115.59	118.88	125.76	153.70	123.28	143.34

Latest prices were unavailable for this edition. Madrid market closed March 19.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
5pc 1992 ‡‡		98½xd	—	99⅞	95⅞	8.82	10.12
10½pc Cv 1992‡‡		99¾	—	100⅞	96½	10.56	10.46
3pc 1992		98⅞	+⅛	98⅞	91⅛	3.04	8.28
Exch 12¼pc 1992		100⅞	−⅛	102⅛	100⅝	12.17	10.59
13½pc 1992		101⅛	−⅛	104⅛	101⅛	13.32	10.56
Treas 8¾pc 1993		98⅞	—	98⅞	94	8.88	10.16
10pc 1993‡‡		99¾xd	−⅛	100¾	97⅛	10.03	10.27
12¾pc 1993‡‡		102⅝	−⅛	104¾	102¾	12.18	10.26
Funding 6pc 1993‡‡		95⅛	−⅛	95⅛	89⅝	6.28	9.21
Treas 13¾pc 1993‡‡		105⅛	−⅛	108⅛	105⅛	13.07	10.22
8½pc 1994		97⅝	−⅛	98½	92⅞	8.72	10.05
14½pc 1994‡‡		107¼	−⅛	111⅛	107¼	13.52	10.23
Exch 13½pc 1994		106	−⅛	109	105⅞	12.74	10.17
Treas. 10pc Ln. 1994‡‡		99⅞	−⅛	101⅛	96⅞	10.08	10.12
Exch 12½pc 1994		104⅞	−⅛	107¼	103⅜	11.89	10.21
Treas 9pc 1994‡‡		97⅞	−⅛	99⅛	93¼	9.21	9.99
12pc 1995		104⅛	−⅛	108⅞	102⅛	11.49	10.14
Exch 3pc Gas 90-95		88⅝	—	89	82¼	3.39	7.25
10¼pc 1995		100⅛	−⅛	102⅞	96⅞	10.21	10.11
Treas 12¾pc 1995‡‡		107⅞	−⅛	110⅞	105⅞	11.81	10.11
14pc 1996		111⅛	−⅛	114⅛	109⅞	12.55	10.25
9pc 1992-96‡‡		98⅝	—	100	92⅞	9.13	9.43
15¼pc 1996‡‡		118⅞	—	119⅞	115⅞	13.08	10.25
Exch 13¼pc 1996‡‡		110	−⅛	112⅞	108	12.05	10.22
Conversion 10pc 1996		100	−⅛	102⅛	95⅞	10.00	9.99
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		111⅝	−⅛	114⅛	108⅞	11.87	10.14
Exch 10½pc 1997		102⅛	−⅛	104½	97¼	10.29	9.95
Treas 8¾pc 1997‡‡		95⅛	−⅛	97⅞	89⅞	9.19	9.91
Exch 15pc 1997		119¼	−⅛	123⅛	117	12.63	10.24
9¾pc 1998		99	−⅛	101⅞	93⅞	9.85	9.98
Treas 6¾pc 1995-98‡‡		87¼	−⅛	90⅛	80⅝	7.80	9.45
15½pc '98‡‡		124⅞xd	−⅛	128⅞	121⅛	12.42	10.27
Exch 12pc 1998		109⅛	−⅛	112⅞	104⅛	11.08	10.11

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Treas 9½pc 1999‡‡		98½	−⅛	101⅝	92⅞	9.64	9.83
Exch 12¼pc 1999		110⅞xd	−⅛	114⅛	105⅞	11.05	10.08
Treas 10½pc 1999		102⅞	−⅛	105⅞	97⅛	10.22	9.98
Conversion 10¼pc 1999		101⅝	−⅛	104⅞	95⅞	10.09	9.95
9pc 2000‡‡		95⅞	−⅛	98⅛	89⅝	9.38	9.78
Treas 13pc 2000		116	−⅛	118⅞	110⅛	11.21	10.12
10pc 2001		100⅞	−⅛	104⅛	94⅛	9.91	9.88
14pc '98-01		116⅞	−⅛	120⅛	113⅛	12.00	10.20
9¾pc 2002		98⅝	−⅛	103⅛	92⅞	9.79	9.82
9¾p 2002 C		84⅝	−⅛	89⅛	84⅝	8.79	9.82
10pc 2003		101⅛	−⅛	105⅞	94⅛	9.87	9.81
Treas 11½pc 2001-04		108⅛xd	−⅛	112⅛	102	10.61	10.07
Funding 3½pc '99-04		68⅛	+⅛	69⅛	63⅛	5.70	8.62
Conversion 9½pc 2004		98⅛xd	−⅛	102⅛	90⅞	9.66	9.77
9½pc 2004 A		98⅛xd	−⅛	102⅛	96⅞	9.68	9.76
9½pc 2005		98¼xd	−⅛	102¼	90⅞	9.67	9.76
Treas 12½pc 2003-05		117⅝	−⅛	122⅞	111	10.65	9.92
8pc 2002-06‡‡		86¼xd	−⅛	90⅞	79⅞	9.22	9.72
Over Fifteen Years							
Treas 11¾pc 2003-07		112⅛	−⅛	118⅞	105⅞	10.49	9.90
8½pc 2007‡‡		91⅛	−⅛	95	84⅞	9.34	9.63
8½pc 2007 A		91⅛	−⅛	94⅞	91⅛	9.34	9.16
13½pc '04-08		124⅞xd	−⅛	130⅞	118⅞	10.81	9.91
9pc 2008‡‡		95⅛xd	−⅛	99⅝	89⅞	9.46	9.59
8pc 2009		86⅞xd	−⅛	89⅞	80	9.23	9.57
Conv 9pc Ln 2011‡‡		95⅛	−⅛	99⅞	89⅛	9.47	9.56
9pc 2011 B		95	−⅛	98⅞	93⅞	9.47	9.56
Treas. 9pc 2012		[illegible]	−⅛	[illegible]	[illegible]	9.48	9.54
Treas 5½pc 2008-12‡‡		84	−⅛	87¼	58⅞	6.68	9.62
7¾pc 2012-15‡‡		85⅛	−⅛	87¼	76⅞	9.35	9.59
Exch 12pc '13-'17		121⅞	−⅛	127⅛	113⅛	9.86	9.80
Undated							
Consols 4pc		40⅛	—	42⅛	37⅞	9.88	–
War Loan 3½pc‡‡		36⅛	—	38⅛	33⅞	9.66	–
Conv 3½pc '61 Aft		60⅝xd	—	61⅞	57¼	5.87	–
Treas 3pc '66 Aft		33⅛xd	+⅛	31½	28⅛	9.92	–
Consols 2½pc		25⅞xd	+⅛	26⅞	23⅛	9.79	–
Treas. 2½pc		25⅛xd	+⅛	26½	23⅞	9.90	–

BRITISH FUNDS - Cont.

Index - Linked	Notes (b)	Price £	+ or -	1991/92 high	1991/92 low	Yield Int. (1)	Yield Red. (2)
Treas. 2pc '94	(102.9)	124⅛	+⅛	124⅞	118⅛	2.59	3.67
2pc '96	(67.9)	160⅞	+⅛	161⅞	155⅞	3.23	3.77
2½pc '01	(78.3)	144⅞xd	−⅛	147⅝	137⅛	4.07	4.36
2½pc '03	(78.8)	138⅛	−¼	142⅞	133	4.20	4.44
2pc '06	(69.5)	140⅛	−⅛	144	136	4.32	4.51
2½pc '09	(78.8)	128⅞	−½	131½	124⅛	4.40	4.57
2½pc '11	(74.6)	130⅛	−½	136⅛	128⅛	4.40	4.56
2½pc '13	(89.2)	109⅞	−⅛	111⅛	105⅞	4.41	4.56
2½pc '16	(81.6)	113⅛	−⅛	118⅞	113⅞	4.36	4.51
2½pc '20	(83.0)	108⅞xd	−⅛	113⅞	108⅞	4.36	4.49
2½pc '24‡‡	(97.7)	89⅞	−⅛	95¼	89⅞	4.35	4.47

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for July 1991: 133.8 and for February 1992: 136.3.

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
African Dev 11¼ 2010		107⅛	−¼	111½	95⅞	10.78	10.23
Asian Dev 10¼pc 2009		101⅛	−⅛	108⅞	91⅞	10.33	10.09
B'ham 11½pc 2012		103¼	−½	108½	100½	11.33	11.03
Ireland Cap 8½pc '10		91⅞	−⅛	96⅛	86½	8.98	–
9pc Cap 1996		92⅞	—	96¼	92½	9.17	–
13pc '97-02		107	—	118½	107	11.36	–
Hydro Quebec 15pc 2011		132⅞	−⅞	137½	120⅞	[illegible]	10.69
Int-Am Dev 12½pc 2003		113⅞	−⅞	118⅛	105⅞	11.08	10.32
9¾pc 2015		96¼	−⅞	101⅛	88⅞	[illegible]	10.10
Leeds 13½pc 2006		118¼	−¼	119½	110½	11.69	11.15
Liverpool 3½pc Irred		31	—	31¼	28	[illegible]	–
LCC 3pc '20 Aft		28	—	28	26	11.11	–
Manchester 11½pc 2007		104¼	−¼	107¼	97½	11.27	10.94
Met. Wtr. 3pc 'B'		54½	—	55¼	52	6.77	6.87
N'wide Anglia 3⅞pc 2021		104⅛	+¼	105¼	102	–	8.57
4¼pc IL 2024		104¼	—	107¼	104	–	6.29
Utd Mex. States 16½pc 2008		122½	—	126	101	13.33	13.12

EDUCATION

AMERICANS

Notes	Price £	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs	35xd	+¼	36⅞	20¾	14,804	1.9
♥Allegheny & W	323p	+17	385p	218p	167.9	5.2
Amdahl	1026p	-9	1159p	667p	1,138	0.5
Amer Cyanamid	37	—	42⅛	25⅛	3,460	2.3
Amer Express	12⅞xd	+⅜	17⅞	9⅞	6,088	4.4
Amer T & T	23⅞xd	+½	24½	15¼	30,532	3.2
Ameritech	34¼	+⅛	38⅞	32½	14,895	5.8
BankAmerica	25½xd	+½	26⅞	12⅞	6,543	2.9
Bankers NY	32⅞xd	—	38⅞	20⅞	2,705	8.3
Bell Atlantic	24½	+⅛	30½	24⅛	9,695	5.8
BellSouth	28⅛	+¼	31¼	25	12,793	5.9
♥Bethlehem Steel	9⅞xd	+⅞	11⅛	6⅞	890.7	—
Bowater	1532pxd	-5	1839p	1042p	558.3	4.4
CPC	50⅝xd	+⅞	54⅞	37⅞	3,826	2.7
California Engy	736p	+13	939p	430p	134.0	—
Campbell Soup h	21⅝	-⅛	25	14⅛	5,436	1.9
Chase Manhattan	14⅞xd	+½	14⅞	5⅞	1,854	4.7
Chrysler	10⅝xd	+¼	10⅝	5⅞	3,105	3.2
Citicorp	9⅞xd	—	10⅞	4⅞	3,413	—
Colgate-Palm	27⅞xd	+⅞	27⅝	21⅞	3,900	2.2
Cont'l Bank	960p	+20	978p	438p	970.1	3.5
Dana	21¼xd	+½	21¾	13⅝	894.0	4.1
Data General	623p	-4	1282p	303p	171.9	—
Deal	20½xd	-4⅞	24⅛	7⅞	930.0	2.7
Dun & Brad	32⅞	+⅝	32⅞	20¾	5,808	3.7
Eaton	44½	+1⅛	44½	24¼	1,615	2.8
Echlin	10⅞xd	+⅞	10⅞	5½	603.8	3.6
FPL	19½xd	+⅛	20⅛	14⅞	3,385	6.9
Fluor	23⅞xd	+⅞	30⅞	17⅞	1,927	1.0
Ford Motor	23⅞xd	+⅞	23⅞	13	11,095	2.4
Gen Elect	45¾xd	+⅞	46⅞	28⅞	39,754	2.6
♥General Host	580p	+4	986p	270p	—	4.0
Gillette	27⅛xd	-⅛	45¾	20⅞	6,067	1.3
Hasbro h	15¼	-⅛	16	5⅞	1,811	0.5
Honeywell	43xd	+1⅛	43	21¼	2,990	2.2
Houston Inds	24½	+½	24½	17⅞	3,158	6.8
IBM	50⅞xd	-⅞	72⅞	48	28,785	5.4
Ingersoll-Rand	37⅞xd	+⅞	37⅞	18⅞	1,967	2.0
Lockheed	26½	—	28⅛	16⅞	1,677	4.2
Lowe's	2434p	+60	2478p	1245p	865.3	1.3
Merrill Lynch	33⅞xd	+⅞	39⅞	10⅞	3,445	1.7
Morgan (JP)	34xd	+⅞	38¼	21⅞	6,421	3.6
Morris (Philip)	48xd	+⅞	48⅞	25⅞	41,661	2.8
NYNEX	42	+½	45¾	39	8,519	6.2
♥Pac Agric	42p	—	89p	15p	—	—
Pall	16½	+¼	17⅞	10⅞	1,380	1.3
Pennzoil	28xd	-⅛	40⅛	25⅛	1,051	6.5
Quaker Oats	34⅝xd	+⅞	40⅞	24⅞	2,648	2.8
Rockwell	15⅞xd	+⅞	17⅞	12⅛	3,437	3.5
Rep NY	24⅞xd	+⅞	27⅞	16⅛	1,268	2.3
Sears, Roebuck	28xd	+1⅛	28	12⅞	9,634	4.0
Sthwestern Bell	34¼	+¼	35⅞	25⅞	10,269	4.7
Sun Co	16¼xd	+⅞	20¼	14⅛	1,778	6.1
Tenneco	23⅛xd	+⅞	27⅛	14⅞	2,831	3.9
Texaco	33⅝xd	+⅞	40½	28⅞	8,691	5.4
Time Warner	51⅞xd	+⅞	64½	37⅞	5,667	0.9
♥Unilab	460p	—	697p	250p	427.3	—
Utd Tech	31¼xd	+¼	31½	22⅞	3,801	3.2
♥Utilitech	120p	—	120p	42p	—	—
‡URS Intl. 1c	8½p	—	1¼p	0¼p	1.88	—
US West	19⅞	+⅛	23	18⅛	8,119	6.9
Varity	782p	+4	1410p	670p	198.2	—
Waste Manage	24½xd	+⅞	25	16⅝	11,582	1.0
Whirlpool	2391pxd	+31	2780p	1053p	1,670	2.3
♥Woolworth	18⅞	+⅞	28⅞	12¼	2,386	3.4

CANADIANS

Notes	Price £	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
♥Abbot Energy	2p	—	11p	1¼p	—	—
Amer Barrick	1465p	+50	1642p	953p	2,835	0.3
Bk Montreal	21	+¼	23¼	13	2,823	5.4
Bk Nova Scot	1082p	+21	1170p	538p	2,086	4.8
♥BC Gas	696p	+8	678p	639p	—	3.9
BCE	22⅝	+¼	24½	17¼	7,068	6.8
♥Brascan	884p	+9	1088p	647p	797.3	6.3
♥Breakwater	24½p	—	38p	6p	18.8	22.0
Can Imp Bk	1617p	+9	1818p	1180p	2,788	4.7
Can Pacific	836p	+14	1100p	756p	2,088	0.2

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

BANKS

CHEMICALS

BREWERS & DISTILLERS

CONGLOMERATES

BUILDING MATERIALS

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

CONTRACTING & CONSTRUCTION

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

INVESTMENT COMPANIES

MEDIA

MERCHANT BANKS

MERCHANT BANKS - Cont.

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

Kenmare	4½	—	[illegible]	3½	4.22	—
Kiwan Res	24	—	[illegible]	15	3.22	—
Northgate Expl C$	38	–1	[illegible]	37½	4.78	—
North West Expl A$	2	–1	18	2	0.87	—
Oryx Gold $	78	+½	186	77½	—	—
Ovoca Gold	18	—	23	8	0.70	—
Planeta	8	—	[illegible]	9	4.10	—
RTZ	[illegible]	+6	[illegible]	404	[illegible]	4.7
Vizcaya	2	—	18	2	1.07	—
Western & Pac C$	13½	–1	132	7	7.41	—
Young Grp	48	–2	133	25	8.77	18.4

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols relating to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- "Tap Stock"
- Highs and lows marked thus have been adjusted to allow for rights issues for cash
- Interim since increased or resumed
- Interim since reduced, passed or deferred
- Tax-free to non-residents on application
- Figures or report awaited
- Not officially UK listed; dealings permitted under rule 535(4)(a)
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- Not officially UK listed; dealings permitted under Rule 535(2)
- Price at time of suspension
- Indicated dividend yield after pending scrip and/or rights issue.
- Merger bid or reorganisation in progress
- Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- Unregulated collective investment scheme.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

London Share Prices

London share prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT.
To obtain your free share Code Booklet ring (071 925-2128)

FINANCIAL TIMES
Weekend March 21/March 22 1992

Maxwell widow foots son's legal bills

By Raymond Hughes and Bronwen Maddox

MRS ELIZABETH MAXWELL, widow of the late Robert Maxwell, who last month described herself as "destitute", is the mystery benefactor helping to pay their son Kevin's legal bills.

Her identity was disclosed in the Court of Appeal yesterday. The provisional liquidators of Bishopsgate Investment Management, which managed Maxwell companies' pension funds, tried unsuccessfully to have her made "jointly and severally" liable with Kevin for BIM's legal costs.

Mr John Brisby, counsel for the liquidators, said Mrs Maxwell had provided £900,000 "at the drop of a hat" to Mr Kevin Maxwell and his brother Ian.

The costs related to Mr Kevin Maxwell's unsuccessful plea that he had a right to remain silent in response to questions from the liquidators about some £450m of missing pension money to avoid self-incrimination.

Lord Justice Dillon said that, according to Mrs Maxwell, around December 11, five weeks after her husband's death, Kevin asked her for £100,000 towards his legal fees. On December 16, Kevin and Ian asked for a further £400,000 each for legal fees. There could, the judge said, be no objection to a mother giving her son money for legal expenses.

"Naturally, in view of the circumstances which have come to public notice since the death of Mr Robert Maxwell, there must be some suspicion that money in the hands of the Maxwell family may have been taken improperly by Mr Robert Maxwell from funds or companies with which he was associated."

But the judge concluded that there was no evidence that the money used by Mrs Maxwell to pay her sons' bills was derived from Bishopsgate or was not genuinely hers.

The first part of her contribution came in the form of almost FFr1m (£100,000) and later another sum of nearly £400,000.

In a magazine interview last month, Mrs Maxwell was reported as saying: "I haven't salted away anything, because I never for a minute believed that he'd leave me destitute."

A spokeswoman for D J Freeman, the London solicitors representing Mrs Maxwell, declined yesterday to comment on her assets.

Mrs Maxwell, 71, was born Elizabeth Meynard near Lyons. She comes from a wealthy family which owned several silk factories in the 1930s. Her father, who became a legal consultant, at one point specialised in uncovering fraud in the fruit and vegetable market at Les Halles in Paris.

It is understood that she brought Paris property and others assets to the marriage. Some of the property is occupied by Maxwell companies, but it is not known if she retains the title to these assets.

She has also owned for several years a chateau in Montagnac-sur-Lede in the Lot-et-Garonne region. It is estimated to be worth £3m and has a swimming pool, outdoor whirlpool bath and helicopter pad. It has eight bedrooms, four bathrooms and two kitchens.

She may be able to earn further money – publishers have approached her for her memoirs. It is clear, however, that paying for her son's legal bills will make a considerable hole in her assets.

The Texas king who would be president

Continued from Page 1

tackle the country's economic problems; a little of Mr Jerry Brown, the former Governor of California, with his attack on the political contributors who finance electoral campaigns; and a little of Governor Mario Cuomo of New York, whose public musings over whether or not to run for president kept the US entertained last autumn.

The public may not be so appreciative when it discovers he wants to eliminate the federal budget deficit by raising taxes – and improving tax collection – and slashing spending, although he also proposes billing the US's European and Asian allies for $100bn each as a contribution to the Pentagon budget.

The core of Mr Perot's message is that the American people are owners of their country and must take responsibility as if they were shareholders.

He also proposes a constitutional amendment barring Congress from raising taxes or voting on its own pay rises. Such measures would have to be decided by referendum.

However, Mr Perot is used to wielding unrestrained power as chief executive, and would find the constitutional limitations of the presidency extremely constricting.

Some commentators believe there is a possibility, though a remote one, that Mr Perot could come to symbolise the "real change" option to many voters, siphoning votes away not only from President George Bush but also from Governor Bill Clinton of Arkansas, the likely Democratic nominee.

"There has been no time in modern American history more ripe for a candidate to run for the White House against both parties," wrote Mr Charles Cook, a Washington political analyst, in Roll Call, Congress's village newspaper.

All the same, the odds are heavy that Mr Perot will find candidacy too constraining a role and discover some pressing reason to withdraw.

He has not yet made it clear if as president he would ban beards and moustaches in the civil service, as he did at EDS.

As one former EDS employee put it: "He'll never run for president – he's already king."

Lone star: Commentators say Ross Perot could symbolise a "real change" option to voters if he runs for president

Bus group to run passenger service on BR trains

By James Buxton, Scottish Correspondent

STAGECOACH, Britain's biggest private bus operator, is to become the first company to operate a regular passenger service on British Rail. It will charter two carriages from InterCity on overnight trains between Scotland and London.

The Perth-based company aims to develop a market among people who would not normally travel by InterCity trains. It will promote the service in Scotland and charge fares below InterCity's standard single and return rates. The service starts on May 10.

The two carriages, containing 115 seats and decorated in the company's livery of white with blue, yellow and red stripes, will be attached to a regular night train which travels from Aberdeen, Dundee and Edinburgh to London.

Stagecoach will operate a free coach service taking passengers from Inverness, Aviemore and Perth to join the train at Edinburgh.

InterCity says it will receive a guaranteed income from Stagecoach. The deal means that seated accommodation on the night train from Aberdeen to London will be retained. It was to have been dropped with the introduction of the new timetable on May 10, leaving only sleeper accommodation.

Stagecoach staff will serve hot meals on the trains. Tickets for the service will be available from British Rail, bus stations and travel agents.

Mr Brian Souter, chairman of Stagecoach, has said he would like to run his own trains on InterCity tracks, although this is prohibited by existing legislation. He said yesterday this idea was "still a possibility for the future".

Stagecoach dropped its coach service between Scotland and London 2½ years ago because its reliability was impaired by traffic congestion on the English motorways.

Mr Chris Green, managing director of InterCity, said the deal was "a classic case of a joint venture between InterCity and the private sector".

British Rail says it is the first time a private company has operated passenger train services on a regular basis, although BR frequently charters whole trains to outside organisations on a one-off basis, and these organisations may sell tickets.

Stagecoach is the most aggressive and successful of the private bus companies which have sprung up since the bus industry was deregulated in the 1980s. It operates in many parts of Scotland and owns bus companies in Hampshire and the north of England.

It is involved in running bus services in Malawi, Kenya and Canada, and has a stake in a joint venture in Hong Kong for leasing buses to China. It had sales of about £100m in 1990.

● The opening of Manchester's £130m "supertram" system has been delayed for the sixth time.

The first section of the Metrolink to Bury was to have been opened on Monday, but it was put back for two weeks following a meeting yesterday between the Railway Inspectorate and Greater Manchester Metro.

Major

Continued from Page 1

perceived as a narrow Labour opinion poll lead.

Party strategists said they had always expected it would take some time for charges that Labour will raise taxes to pay off in the opinion polls.

The prime minister and Mr Norman Lamont, the chancellor, both rounded on Labour's shadow Budget proposals as a gratuitous assault on middle income earners.

Mr Major warned that the increased income tax and National Insurance contributions would create a country "where people have no incentive, no hope, no choice and no future".

Today, the Tories are expected to publish a revised costing of Labour's policies, based on its manifesto promises. It is expected to prove the precursor to a repetition of the "tax bombshell" charge that Mr Kinnock must raise income tax to pay for his programme.

The February inflation figures – the lowest rate since October last year – disappointed some expectations of a drop to 4 per cent.

A Harris poll of seats in the capital carried out for London Weekend Television's London programme, shows Labour three points ahead of the Tories.

Life group

Continued from Page 1

force for failure to comply with its rules.

The sales agents involved are all either directly employed by Windsor Life or are "tied agents" who work for an independent agency selling Windsor products exclusively. The spokesman said sales agents receive no salary, and are paid only by commissions earned on each policy sold.

Windsor Life sells unit-linked policies. In 1991, its new business rose 22 per cent to £4m. As of December 31, it had £130m under management, but it has since bought Gresham Life which had £490m under management.

Iraq bows to UN pressure to scrap Scud equipment

By Mark Nicholson, Middle East Correspondent

IRAQ BOWED to United Nations pressure yesterday by agreeing to destroy manufacturing equipment related to its Scud missile programme in an effort to defuse the threat of possible military action to enforce UN resolutions.

The move was welcomed by Mr Rolf Ekeus, director of the UN special commission charged with eliminating Iraq's weapons of mass destruction, as indicating a new willingness in Baghdad to comply with UN demands. He called the Iraqi decision a "change of policy".

British officials said cautiously yesterday that the Iraqi agreement to destroy the Scud equipment was "one of the benchmarks" they were seeking as indicating Iraq's willingness to comply with UN demands.

Mr Ekeus told a New York news conference his commission was "satisfied there are undertakings that the Iraqis are willing to go along with destruction [of] capabilities" which they had not previously been willing to destroy.

The Iraqi assurances were contained in a letter handed to Mr Ekeus yesterday by Mr Abdul Amir al-Anbari, Baghdad's ambassador to the UN.

Iraqi officials originally refused to destroy the Scud-related equipment, which was discovered by a team of UN ballistics inspectors in the vicinity of Baghdad last month.

The refusal prompted the UN Security Council to warn of "serious consequences" if Iraq did not comply fully with Gulf war ceasefire resolutions ordering the destruction of its conventional, chemical and nuclear weapons programmes. At the same time the US issued a series of warnings that a further military strike might be launched against Iraq.

The message was drummed home to Mr Tariq Aziz, Iraq's deputy prime minister, in person last week during his delegation's appearance before the UN Security Council. It has been backed up by reports that the US had drawn up a list of targets in Iraq for a possible bombing raid.

Yesterday's letter to the UN is the first sign that Iraq is prepared to respond to the Security Council's warnings. In a further sign of Iraqi acquiescence, Mr Ekeus said Baghdad had also supplied him with "important new information" about its ballistic and chemical weapons programmes.

He said the Iraqi letter included a claim that Baghdad had itself destroyed hundreds of missiles not previously declared to the UN inspectors. Although Iraq was thought to have up to 800 Scud missiles, inspectors have so far discovered and destroyed only 62.

The letter also contained Iraqi agreement to offer "full, final and complete" disclosure of its weapons programmes, Mr Ekeus said. A fresh team of UN ballistics inspectors, due to arrive in Baghdad today, will verify the Iraqi information.

The next big test of strength will probably be on nuclear weapons-related equipment at a plant at Al-Atheer, south of Baghdad. A further team of nuclear inspectors is to visit the country early next month.

The International Atomic Energy Commission in Vienna is expected to make recommendations soon on what should be destroyed in the plant, left untouched during the Gulf war.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)

Rises			
Asko Prf	700	+	15
Continental	247.3	+	8.3
DLW	539	+	11.5
Rosenthal	314	+	10
Sud Chemie	555	+	5
Falls			
Linotype-Hell	378	−	8

New York ($)

Rises			
Allied Signal	51¾	+	2⅜
Am T & T	40⅜	+	½
Ford	40⅜	+	¾
LA Gear	14¾	+	1⅜
Falls			
Chrysler	18	−	⅜
Eli Lilly	70½	−	⅝

New York prices at 12.30pm

Paris (FFrs)

Rises			
Cetelem	839	+	29
Damart	2008	+	125
Imetal	319	+	7
Orsan	258	+	6
Radiotechn	640	+	14
Falls			
Axa	920	−	11

TOKYO CLOSED

London (Pence)

Rises			
ADT	515	+	36
Bensford Int	20½	+	2
Costain	61	+	9
Reuters	1144	+	24
Rosehaugh	9	+	2¼
Rothmans B	1035	+	18
Shenff	63	+	5
Tarmac	146	+	8
Falls			
BET	125	−	15
Bedford (Wm)	23	−	4
Booker	427	−	16
Burmah Castrol	489	−	14
Business Tech	21	−	3
Cable & Wire	538	−	17
Dart	83	−	4
Eldridge Pope A	85	−	10
Eurocopy	42	−	11
Fairway (Lon)	60	−	5
Laporte	550	−	14
Merrydown	370	−	13
Morland	458	−	12
Sedgwick	206	−	12
Trafalgar Hse	119	−	7

WORLDWIDE WEATHER

UK Today: Blustery showers over the south-east will become less frequent later. In the west, north-west and much of Scotland, showers will become more frequent and possibly wintry over northern hills. Generally windy with some gusts of gale force. **Outlook:** Cooler with fresh winds and showers

		°C	°F
Ajaccio	S	15	59
Algiers	F	17	63
Amsterdam	C	10	50
Athens	F	12	54
Bahrain	R	16	61
Barcelona	S	16	61
Beijing	Sn	1	34
Belfast	F	13	55
Belgrade	C	7	45
Berlin	R	9	48
Biarritz	S	18	64
Birmingham	C	12	54
Blackpool	F	11	52
Bombay	S	33	91
Bordeaux	S	17	63
Boulogne	Dr	9	48
Bristol	R	11	52
Brussels	C	10	50
Budapest	F	7	45
Buenos Aires		-	-
Cairo	F	19	66
Cape Town	S	25	77
Cardiff	Dr	11	52
Chicago †	S	-1	30
Cologne	S	16	61
Copenhagen	R	7	45
Corfu	S	13	55
Dallas †	C	7	45
Dublin	R	14	57
Dubrovnik		-	-
Edinburgh	C	11	52
Faro	S	20	68
Florence	S	15	59
Frankfurt	C	[illegible]	57
Geneva	C	13	55
Gibraltar	S	18	64
Glasgow	C	11	52
Guernsey	C	10	50
Helsinki	C	4	39
Hong Kong	S	21	70
Innsbruck	R	7	45
Inverness	C	13	55
Isle of Man	[illegible]	10	50
Istanbul	R	6	43
Jersey	S	13	55
Johannesburg	F	24	75
Las Palmas	F	21	70
Leeds	C	13	55
Lisbon	S	20	68
Locarno	C	12	54
London	C	13	55
Los Angeles †	R	14	57
Luxembourg	F	14	57
Madeira	S	21	70
Madrid	S	20	68
Majorca	S	17	63
Malaga	S	18	64
Malta	C	13	[illegible]
Manchester	C	13	55
Melbourne	F	19	66
Mexico City		-	-
Miami †	C	20	68
Milan	S	16	61
Montreal †	S	-11	12
Moscow	S	3	37
Munich	R	8	46
Nairobi	F	27	81
Naples	F	15	59
Nassau		-	-
Newcastle	C	13	55
New Delhi	F	28	82
New York †	S	2	36
Nice	S	15	59
Nicosia	[illegible]	13	55
Oporto	S	18	64
Oslo	C	3	37
Paris	S	15	59
Perth	C	23	73
Prague	F	8	46
Reykjavik	[illegible]	[illegible]	33
Rhodes	F	10	50
Rio de Janeiro		-	-
Rome	S	15	59
Salzburg	R	6	43
S'Francisco †	C	13	55
Seoul	C	10	50
Singapore	F	32	90
Stockholm	F	8	46
Strasbourg	[illegible]	13	55
Sydney	S	27	81
Tangier	S	19	66
Tel Aviv	C	14	57
Tenerife	C	18	66
Tokyo	[illegible]	15	59
Toronto †	S	-5	23
Tunis	C	16	61
Valencia	S	20	68
Vancouver †	S	5	41
Venice	F	12	54
Vienna	[illegible]	8	46
Warsaw	S	9	48
Washington †	F	1	34
Wellington	F	17	63
Zurich	C	11	52

Temperatures at midday yesterday † Noon GMT temperatures C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sunny Sl-Sleet Sn-Snow T-Thunder

THE LEX COLUMN

Deflating the growth stocks

This week's gentle reminder from Guinness that its profits cannot be expected to grow as fast as before in a non-inflationary environment raises questions for growth stocks generally. If inflation makes it easier for companies to post higher profits, then the multiples on which growth stocks trade might be expected to come down as price rises abate.

The question is how the effect will bite. Consumer prices have risen by 36 per cent since 1987. Over the same period profits at Bodyshop grew by 234 per cent, at Rentokil by 151 per cent, at Guinness by 115 per cent, at Glaxo by 72 per cent and at Tomkins by 273 per cent. Inflation played only a minor part in growth for these companies, at least.

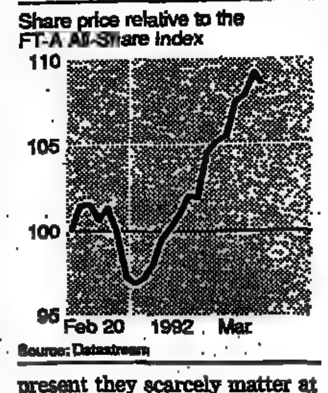
Presumably operating margins can still be widened even when prices are static. The scope for growth by acquisition may diminish, though, as the real cost of debt becomes more expensive. Even companies with surplus cash might find it more attractive to invest in high-yielding gilt-edged stock. Low inflation thus presents a challenge which will weed out remorselessly companies trading bogus promises of growth.

That suggests the market will look at quality of earnings in reassessing ratings. Historically it does not like paying a premium for rising nominal earnings which are mostly inflation-induced, but durable real earnings growth of 3 per cent is worth more when inflation is also 3 per cent than when it is in double figures.

FT-SE Index: 2,456.6 (-11.0)

British Steel

Share price relative to the FT-A All-Share index



Source: Datastream

Japanese banks

Japan's banks have so far reacted with surprising calm to the long slide in domestic equity prices. After all, it was widely predicted last year that their capital bases would be so weakened by a Nikkei index at 20,000 that they would be unable to meet the Bank for International Settlements' (BIS) capital adequacy requirements. The ensuing clawback of overseas assets appeared to threaten a worldwide financial crisis.

While the banks' capital position is now just outside the long-run BIS target, it appears they have barely responded. That is partly because the weak trend of the yen has made the repatriation of assets an unattractive method of boosting capital. But there is also a growing sense among the banks that BIS standards only matter where banks have unfulfilled overseas lending ambitions. In other words, at present they scarcely matter at all – capital ratios can always be rebuilt once the domestic crisis has been resolved.

The lack of concern on international markets does not mean the original thesis was wrong, however. The world credit scene has been hit by the Japanese lenders' spontaneous withdrawal over the last two years, but they still have considerable lending outstanding. If the stock market goes down much further, the world could yet receive a nasty fright.

British Steel

It is no surprise that Midland Bank is the best performing FT-SE stock since the election was announced. More curious is that British Steel should rank as high as eighth when it is under dividend warning. In fact the outperformance dates from before the campaign, but there is no sign of recovery in British Steel's markets and first quarter price rises are barely holding. A Labour government would be too constrained financially to be of much help, but the company would find it harder to retrench further in response to the chronic overcapacity in Europe.

Perhaps the market is less frightened of the dividend announcement since its worst fears for other companies were overdone. But it would make sense for British Steel to conserve cash by cutting deeply. If the dividend were halved, the yield would fall below 8 per cent.

Nestlé

On the face of it, Nestlé's 8.7 per cent increase in 1991 pre-tax profits was unremarkable. But it seems likely that the group took an as yet unstated restructuring charge of nearly SFr500m above the line, double the charge a year earlier. Adjusting for that, profits were 14 per cent higher after sales growth of 9 per cent and a volume improvement of 4 per cent.

Such a performance suggests Nestlé can afford a relaxed attitude should its bid for Perrier fail. In the more likely event of success, it will generate additional earnings from the combination of its Vitel mineral water brand with a Perrier business which has plenty of room for improvement. The extensive restructuring in the US and UK is almost complete, so this year's profits should be relatively clean. Although Nestlé's shares are near their all-time high, they are on a prospective multiple of just 12. For investors comfortable with Swiss standards of disclosure, that looks a distinctly inadequate reflection of their promise.

Gold

Gold bugs, it seems, are running out of places to crawl. Already frustrated by the metal's soggy showing in the Gulf War – and the narrow trading range which has prevailed ever since – they suffered the further indignity this week of seeing the price dip below last year's important trading point of $342 per troy ounce. Sizeable distress sales, rumoured to be the work of an eastern European central bank, did most of the damage. Transatlantic speculators seizing on the trend merely added to investors' woe.

The days of expecting the gold price to react sharply to macro-economic shifts now seem but a distant memory. Disillusionment set in long ago with falling inflation and high real interest rates, whereas investors now have a much wider range of hedging instruments if by some chance an oil crisis of mid or late 1970s proportions were to be repeated. Gold has thus become a rather dull commodity, oscillating between small changes in the supply/demand equation but always vulnerable to the unexpected behaviour of big stockholders. The fundamentals point to a marginally tighter market in 1992 and 1993, but it would not do to get carried away.

The lasting appeal of gold, though, is its great anonymity, a characteristic generally not shared by other financial assets. If the market somehow lost this element of secrecy, it really might be finished.

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Weekend FT
Weekend March 21/March 22 1992 SECTION II

Men who won the Falklands peace

Ten years after Margaret Thatcher toppled Galtieri, **Jimmy Burns** *asks: who gained what?*

GENERAL MARTIN Balza, Malvinas veteran and Argentina's army chief, sits in his panelled military headquarters in Buenos Aires, fingering four British £1 notes as we talk about the Falklands War ten years ago.

The money represents half his pay as a prisoner of war after he surrendered his artillery position outside Port Stanley to the British forces. The general smiles at the memory of those days when, as a lieutenant colonel, he was short-changed by an English soldier for a tube of toothpaste and a Coca-Cola. But he is not bitter. Argentina, he concedes, was destined to lose because of the incompetence of her former rulers.

Back in March 1982, when I was in Buenos Aires covering the war for the *FT*, Argentina's then army chief and President, General Leopoldo Galtieri was not a person I wanted to meet unprotected. His regime's way of dealing with opponents was similar to that of Nazi Germany. More than 8,000 people, some foreigners, had "disappeared" since the coup which brought him to power in 1976.

"I will never forget, just a few days before the Falklands war, watching an old woman, with shopping bag and walking stick, being surrounded and beaten senseless by heavily armed police. By chance, she had strayed into the first big demonstration against the regime. Galtieri had ordered it to be repressed with sabres, gas canisters, long truncheons and live bullets. Yet when Argentina invaded the Falklands, Galtieri became a national hero.

Now ten years later, after the expenditure of 1,000 lives and enough cash to make each islander very rich, history has pushed aside both Galtieri and the woman who defeated him. Margaret Thatcher, whose defiance rang across the world, and helped to deliver a resounding victory to the Conservative party in 1983, walks sadly from the main political arena next month, almost at the anniversary of her military triumph.

She also was rejected from the leadership of her country, as heroic memories of the struggle began to fade. Yet the questions remain, was it necessary and was it worth the cost? From Balza's office, at least, it seems the greatest benefit was reaped by Argentina, which escaped a vicious tyranny and brought its generals under political control. Did Britain also deliver a lesson which Argentina (if not the world) will never forget?

Even now, a monument outside the army headquarters in Buenos Aires states that the Malvinas were, are, and always will be Argentine. But Balza declares: "I don't see that there is any possibility of another armed conflict with Britain. We are living in a different world."

It seemed, when I stood in the Falklands a few days later under the union flag by 15 military graves at San Carlos, that the British Government believes him. All was as quiet as if there had never been a landing of troops, or a frenzied air attack on transports and frigates in that famous sound at the north west of the main island. Now only low-flying upland geese and seagulls disturb the stillness. The nearby military camp lies abandoned – a few empty cabins and a couple of jerry cans. Linda Anderson, owner of the recently opened Blue Beach Lodge nearby, complains that the Ministry of Defence can no longer afford to transport many soldiers to rest in her bed and breakfast.

British officials say the forces still stationed on the islands are enough to defend them. Even so, the UK now spends only £69m a year on the defence of the islands, less than 7 per cent of the rate of spending in the three years after the war. (Even the present sum, however, could provide each islander with a £30,000 per year pension). Although the Falklands now boasts a large and fully-equipped military airport and three highly sensitive radar stations, the combined military presence has been reduced to half a squadron of Phantom aircraft (the Harriers have long since departed), some half a dozen aerial transport units, a company of less than 200 infantry, a frigate and a naval patrol vessel.

One former British marine on the islands said that if it wanted to, Argentina could recapture the Falklands in 24 hours, for example by landing special forces from a submarine at night and taking out the radars and the phantoms on the ground. But nobody in Buenos Aires seems even to be thinking of such a plan. One reason is that British intelligence has greatly improved. Ten years ago this week, the UK was apparently unaware of a series of key meetings between General Galtieri and an officer attached to the Chiefs of Staff, General Mario Benjamin Menendez.

At one such meeting, while an Argentine foreign minister was still going through the motions of diplomacy, Menendez was informed that a secret decision had been taken by the military junta to invade the islands. According to Menendez, Galtieri dismissed any suggestion that this would provoke a big international reaction. "Menendez", Galtieri said, "that is none of your business ... it's the junta's problem and no one else's. I just want you to think about being a military governor."

Two weeks later the Argentines overran the token force of marines on the islands. In Buenos Aires, civilians, including some whose relatives had been tortured and killed, poured through the streets waving flags and bringing Galtieri to the balcony of the presidential palace to rapturous applause.

Thatcher responded by sending a taskforce of 30,000 men and scores of ships, the biggest UK naval operation since the Second World War. Within two months, on the May 21, the first British troops were wading ashore on the rocky gravel beach that lies just below Linda Anderson's Blue Beach lodge. On June 14, Argentine troops surrendered at Port Stanley.

The battle for the Falklands has been described by some military experts as a small colonial war. But the images that linger are those of high human drama which for a while gripped the attention of the world: they include the sinking of the battleship cruiser Belgrano with the loss of more than 400 lives in freezing South Atlantic seas, aerial dogfights of extraordinary skill and daring, the burning hulks of British battleships, and the dejected faces of the wounded and the defeated.

Of the 1000 men killed in the campaign more than 800 were Argentines. But in Argentina, as the tenth anniversary approaches, the fallen are remembered with muted emotions. Jorge Lanata, the 31-year-old editor of *Pagina 12*, one of the country's most popular newspapers, says: "Three years ago we ran a series on the war. It was treated with total indifference by our readers. Many of them supported the invasion, but they are now silenced by a sense of guilt. They look at the veterans as if they were ghosts." Yet some Malvinas veterans who, like Balza, survived the postwar purge are now in positions of command in a radically altered armed force. Comodoro Gustavo Justo, for example, a former Mirage 5 fighter pilot in the attack on San Carlos Bay, is today Chief of Operational Planning under a civilian ministry of defence.

On May 21, 1982 Justo led the first big attack on the British beachhead, flying low over the waters of the South Atlantic to avoid radar detection and leaving himself with the minimum fuel necessary to return to base. Justo narrowly escaped with his life, ejecting from his aircraft at 950 kms per hour, after being shot down by a British Harrier jet, equipped with the most modern air-to-air missiles provided by the US. He was only 1½ miles short of his target. A fellow pilot and best friend was killed.

Badly injured and suffering from concussion, Justo lay in a shepherd's hut for several days. He was eventually found by an Argentine helicopter team and shared a field hospital tent with a wounded RAF pilot. "The Englishman said 'what a shit of a war. My parents are old and I was going to get married.' But I thought to myself: not only am I married but I know what I'm fighting for."

Ten years on, Justo is much less sure.

"I have known how horrific war can be ... There are peaceful options. That is what I am telling my children. It is a lesson that was not passed on to me by my superiors when we fought."

Justo, Balza and the new men at the top have presided over a sharp contraction of the Argentine armed force, squeezed by budgetary cuts and public indifference. They also perceive that after the Gulf War, a coup in Buenos Aires – let alone an attack on the Falklands – could no longer be sure to escape an international response. Indeed, the Argentine military that defied UN resolutions, today takes part in the UN's global peacekeeping exercises. More remarkably, it also exchanges information with British forces on movements in the South Atlantic.

These big changes in Argentina seem, however, to have escaped the notice of most of the 2,100 islanders. As military spending declines, their improved prosperity depends, partly at least, on Argentina's new policies of fishery conservation and non-belligerence. But for many islanders the traumas of the war have not healed, perhaps understandably in view of the large areas near Port Stanley still made deadly by Argentine mines.

Stuart Wallace, for example, who studied in Argentina and lives with his Argentine wife in Port Stanley, says that while Buenos Aires claims the islands: "The price of dealing with Argentina is potentially enormous. Renewed links would politically destabilise us. It would be different if we were still a disintegrating society with no revenue of our own."

The islanders may have some reason to remain anxious. Although Argentina's President Menem today speaks eloquently about his commitment to the new international order, the same Menem was elected President after labelling the British the "pirates of the world". He said then: "No matter how much time passes, or how much blood we have to shed, that territory will be ours again."

If he changed his mind once, might he not change it again? Suspicions that a lunatic fringe of military officers may have been behind this week's bomb attack on the Israeli embassy in Buenos Aires, can only have heightened the islanders' worries. Yet hostility is softening. Some island officials agree at least to attend talks between Britain and Argentina on issues such as fishing and oil exploration.

Meanwhile, Argentine school children are still being taught that the Malvinas belong to them; but they are learning about democracy too. So the question returns: was it worth the fight? Living in Buenos Aires through the war I never doubted that it was, if only because Britain's response promised the destruction of a vicious military regime. On my return to Buenos Aires ten years later, I found a country deepening its determination to put history behind it.

This change, and the restoration of commercial and diplomatic links, make a far more fitting tribute to those, from both sides, who died in 1982, than the islanders' present intransigence.

■ **Jimmy Burns** *was the FT's Buenos Aires correspondent during the Falklands War. His book* The Land that Lost its heroes: Argentina, the Falklands and Alfonsin *is being republished by Bloomsbury (London) to coincide with the tenth anniversary.*

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Ken Hom finds the most exciting and authentic food in China is served on the streets IX

The Long View/**Barry Riley**

After victory, the battle

IT CAN be tough going when you are rearranging the deck chairs on the Titanic in the icy gale and the freezing rain. You barely have a chance to notice that there are icebergs looming ahead.

Please forgive the overworked metaphor, but manifesto week in an election campaign is a time for cliché of expression rather than clarity of thought. The parties are promising to redouble efforts, end scandals, regenerate inner cities and grasp new opportunities. There is much talk of recovery and growth. But the anxious voter may wonder what the winning party will do if the unthinkable – but, alas, scarcely improbable – happens and the economy is holed below the waterline.

It has happened before so often following closely-contested elections. After all, it is only when the economy is faltering that a change of government is likely to take place. The defending administration is forced to minimise its problems, and defer unpopular actions.

In 1964 Labour under Harold Wilson arrived with a spectacular National Plan for 4 per cent economic growth and a promise to exploit the white heat of the technological revolution, but quickly ran into a series of balance of payments crises. In 1970 Edward Heath led the Conservatives back into power but was lured into an ultimately disastrous U-turn on public spending and corporatism by the recession of 1971, of which the Rolls-Royce bankruptcy was the highlight.

Back in Downing Street in 1974, Wilson found the country in a state of acute financial and industrial crisis, afflicted by soaring prices, a sugar famine and the threat of the "doomsday machine" as the corporate sector wilted under an unindexed tax system; he resigned after two years, leaving James Callaghan to call in the rescue troops of the IMF. As for Margaret Thatcher in 1979, promises to rejuvenate the overregulated economy were soon mostly buried, at least for the time being, amid a burst of 20 per cent-plus inflation and the worst recession since the war. It required Sir Geoffrey Howe's notorious Budget of 1981 to bring the borrowing and spending balance back under control.

This week a nervous stock market has been adjusting to the idea that the Conservatives may well lose, even if Labour does not win outright. In the past investors have tended to fare badly when governments have changed. I am indebted to Nick Glydon of Kleinwort Benson for his book of election charts which shows that after three of the four general elections I have mentioned gilt-edged were lower in price six months later – by an average of 5 per cent. Equities also fell three times out of four, by 13 per cent on average. The exception in each case was 1970 when the stock market had already tumbled by 20 per cent in the four months before the poll.

All the signs are that the incoming administration next month will walk straight into another mess. Norman Lamont's Budget last week was supposed to be the launching pad for the campaign but only succeeded in boring the public and scaring the financial markets. Labour's John Smith accepted the Treasury's assumptions in framing his shadow Budget this week, but will surely have some rethinking to do should he ever get into No. 11 and have a chance to inspect the "books".

All the main parties say they accept the discipline of the European exchange rate mechanism – there is not much choice for the voter here. True, the Tory Manifesto sneers that the ERM "*would merely expose* the folly of Labour policies" but given the Conservative spending plans the same jibe might be turned against the Tories themselves. Nobody can promise lower interest rates until the Germans lead the way. *And the problem is* – as the Bundesbank warned this week – that German profligacy following reunification is threatening that country's financial stability.

The big picture is that excessive German government spending is keeping interest rates high throughout the European currency bloc and undermining industrial competitiveness. In Britain the private sector has been especially vulnerable to these sky-high real interest rates, and the economy appears to be heading into the feared double dip, with news this week of an unexpectedly large dive in industrial production in January and a further rise of 40,000 in unemployment in February. A jump in public spending is the only available policy response, which would be all very well if these were temporary programmes, but if permanent spending levels are ratcheted up this must create the basis for an overstretching of the public finances at such time as the private sector begins to recover.

There is no attractive route out of *this difficulty. If the UK devalues* within the ERM there will be some benefit to competitiveness but a blip in inflation will be generated and interest rates, if anything, would have to *increase* because sterling would have lost credibility in the eyes of the foreign exchange market. In order to bring interest rates substantially down sterling would have to be taken out of the ERM and the devaluation would be very large – probably 20 per cent against the DM. Some politicians are dabbling with the idea of setting up the Bank of England as an independent guardian of the currency so as to make the idea of floating the pound more acceptable; but the Bank might be guarding an open stable door.

Is there any other way? Well, you could warn the public that a year or two of depressed economic conditions may easily lie ahead, and that although *some short-term* public spending projects might be considered, great restraint would be required in terms of pay levels. The public, in the meantime, should be very careful when buying assets such as houses, because values *might* well fall. But politicians do not get any thanks, let alone votes, for presenting this kind of negative message. They are there to work miracles, or at least to proclaim with all due modesty that miracles have happened.

This time Labour does not have a National Plan but instead its manifesto boasts of a National Recovery Programme. I wonder if it will be able to handle icebergs.

FINANCE AND THE FAMILY / MARKETS AND COMMENTARY

THE ELECTION AND YOU

London

A case of intrusion into private grief

By Peter Martin, Financial Editor

THE NOTICE went up on the Palace railings just before lunch. "The stock market and the Conservative Party are discussing a separation with their respective psephologists. These discussions are not yet complete and nothing more will be said until they are."

The torrent of media speculation and the consequent slide in share prices are seen as "especially undesirable" during a general election campaign. One insider said that "the knives are out" on both sides, with harsh words being muttered in private.

For most of their years together, the couple seemed ideally suited. They shared similar interests, such as lower income taxes and easier money. Both formed part of a boisterous 1980s crowd, fond of talking loudly into mobile phones in restaurants.

In retrospect, the summer of 1987 marked the emotional peak in the relationship, as the chart shows. Yet, though the relationship has cooled, friends of the couple say that there is no other party exercising an unhealthy attraction. Some 2,000 or so photographs of the stock market lunching with a sober-suited Scotsman called John Smith were found by a cleaner last year, but it is understood that the relationship has never progressed beyond polite acquaintance.

Some of the stock market's friends fear that a rift may be inevitable. "Frankly, unless something pretty miraculous happens, it'll all be over by April 9," said one. Others, however, hope for the best. "I think it is early days," said another friend: "If you have a boil and it bursts it often gets all right afterwards."

■ ■ ■

For most of the week, the stock market has been coming to terms with the possibility of a non-Conservative government. The FT-SE index dropped 19.4 points during the week, closing at 2,456.6. Within that overall decline, shares which might benefit from a Labour government have done markedly better than those which might benefit if John Major stays in Downing Street. Privatised utilities, singled out for tighter regulation in the Labour party manifesto, have done particularly badly.

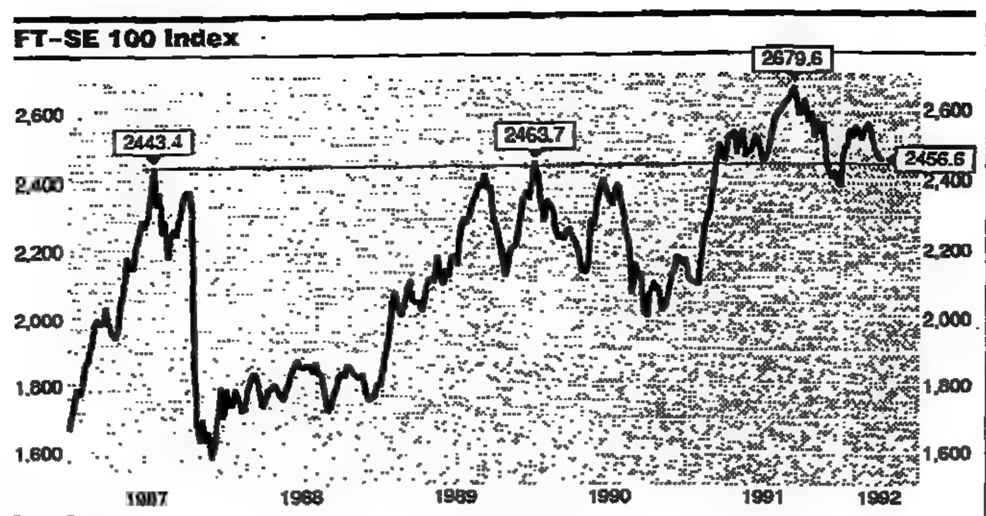
The week's trends included a continuing tendency – rewarded by the stock market – to pay uncovered dividends. BAT Industries, for example, promised an 8 per cent rise in the final dividend, leaving dividend cover at 0.83, less than half the 2 the company says is its target. BAT shares rose 43p, to close the week at 686p.

Another company following the same trend was George Wimpey, the contractor, which maintained its dividend despite losing money. Joe Dwyer, Wimpey's chief executive, said he was encouraged by flickers of life in the British and American housing markets. Wimpey's UK house sales in the first 2½ months of this year were running about 10 per cent higher than the company had budgeted for, he said. The shares rose 21p on the week, to close at 150p.

Few other bosses were as positive about trading prospects. But the results season is producing noticeably better results than analysts had expected, at least for industrial companies. Warburg Securities' running total of how profits so far compare with what its analysts had expected at the end of January show earnings declines for industrials of 10 per cent, nearly two percentage points better than had been expected. Industrials dividends have grown at 8 per cent, a percentage point better than forecast.

Still, the election campaign and a steady rise in long-term interest rates have left the market jumpy. Evidence of that mood can be seen in the performance of one of the week's big losers, Cable & Wireless. A number of unremarkable pieces of news – the departure of a senior executive and the reorganisation of some of the company's activities – were a trigger for a small-scale sell-off. C&W shares closed the week at 538p, down 62p. The market's reaction seemed to owe as much to a lingering uncertainty about whether Lord Young was taking the company in the right direction as to any specific concerns about the week's news. Stock market analysts were divided on the stock.

A certain ambivalence was also noticeable in the analysts' reaction to the news that Midland Bank was about to be taken over by Hongkong and Shanghai Banking Corporation. Midland shares were unambiguous gainers – they closed on Friday at 343p, up 91p on the week. Shares in the Hongkong Bank dropped: they fell 11 per cent on the week, to the equivalent of 300p. So far, so predictable. The ambivalence came in the analysts' assessment of the impact of the takeover on other UK banks. Their shares rose, reflecting the short term vote of confidence in the sector implied by Hongkong Bank's reappearance as a suitor for Midland. But in the longer term, the deal would strengthen Midland as a competitor in a sector where there is already – from the shareholder's view at any rate – too much capital.



Source: Datastream

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991/92 High	1991/92 Low	
FT-SE 100 Index	2456.6	-19.4	2679.6	2054.8	Election uncertainties
Automated Sec	106	-33	270	100	Poor preliminary figs
BAT Inds	686	+43	772	559	Positive results
BM Group	360	-38	431	229½	Lack of support
Cable & Wireless	538	-62	632	429	Restructuring costs
GRE	126	+12	238	96	Better than expected figures
Heath (CE)	402	-37	529	402	Results, Australian flotation
Laporte	550	-41	631	435	Selling ahead of Solvay placing
Midland Bank	343	+91	351	150	Agreed merger with HSBC
Morland	468	+90	470	231	Takeover talks
Mosaic Invs	120	-98	310	108	Profits warning
Renold	64	+18	78	46	Bid speculation
Smith (WH) A	431	-28	490	301	DIY price war fears
WPP	70	-26	231	31	Steep drop in profits
Wimpey (G)	150	+21	229	106	Maintains dividend

Serious Money

Invest in haste repent at leisure

by Philip Coggan, Personal Finance Editor

THERE WAS some really good news this week for those who live off their savings. Labour has abandoned its plans to introduce a 9 per cent investment income surcharge.

Admittedly, the surcharge would have applied only to incomes over £3,000 and those over pensionable age would have been exempt. But it would have been an unfair tax.

As readers know only too well, in most cases such income is not "unearned" at all, but the fruits of many years of hard work. A decision to save is merely a decision to postpone consumption to a later date. Interest income is, in large part, compensation for the effect of inflation on the purchasing power of the money saved.

Take a saver earning, say, 10 per cent in the building society. Income tax already takes 25 or 40 per cent of that return. If inflation stays at around 4 per cent this year, the "real" return for savers will be just 3.5 per cent for basic rate taxpayers and 2 per cent for those on the higher rate. Labour's surcharge would have reduced that real return by a quarter and a half respectively.

The people who would have been most hurt by this tax were those who had retired early and were living off a combination of occupational pension and savings income.

In the absence of the surcharge, savers can afford to view a Labour government with equanimity. Indeed, those who are above state retirement age will enjoy a modest benefit, in the form of £5 and £8 per week increases for single and married pensioners.

Only those whose savings income is over £40,000 (more for married couples and those over 65) will be hit by the new 50 per cent tax band. That will be a minority of savers. For those FT readers who fall into the category, there are a number of tax shelters (Tessas, national savings, etc) which may ease the burden.

Of course, many would argue that a Labour government will mean higher inflation, the enemy of savers. But given Labour's commitment to sterling's membership of the Exchange Rate Mechanism, inflation might not be the same problem as it used to be.

Some economists are predicting higher interest rates under a Labour government, because the foreign exchange markets will test John Smith's determination to defend the pound. That would be good news for savers.

Those who are trying to build up their savings will be rather less cheerful this week, at least if their salary is above £405 per week. A Labour government would impose an extra 9 per cent bill for national insurance on such people, and those with taxable incomes over £36,375 will also be hit by the new 50 per cent band.

These changes will mean quite dramatic falls in post-tax salaries for some high earners. A married man on £100,000 would see his post-tax income fall by over 20 per cent compared with 1991-92 (or around £13,000 a year); a single man on £50,000 would see a fall in his net income of almost 8 per cent.

Is this tax burden excessive? It is worth remembering that during the years 1979-88 – the time of the Thatcher "economic miracle" – the top rate of tax was 60 per cent. (By-the-by, since the tax burden was lifted by Nigel Lawson, and "incentives for entrepreneurs" created, economic performance seems to have gone downhill. That may, of course, be coincidence.)

We asked Price Waterhouse to compare the tax burden under a Labour government in 1992-93, with that in the year 1987-88, before the Lawson tax-cutting Budget.

The differences are less than you might suppose. Tax and national insurance will take 39 per cent of the income of a married man on £100,000 under Labour; in 1987-88, someone on £68,200 (the inflation-adjusted equivalent) would have paid 46 per cent. For someone on £40,000, the equivalent figures are 34 per cent and 31.5 per cent.

People on £25,000 will actually face a lower tax burden under Labour (27.5 per cent of their income), then those on an inflation-adjusted income of £17,000 did in 1987-88 (29 per cent).

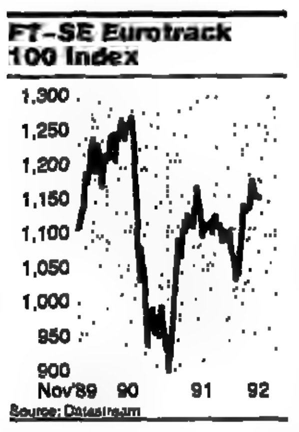
So a Labour government would essentially move us back to a slightly more redistributive version of the pre-1988 tax system. That may not sound so bad in theory.

In practice, however, the difficulties will arise from the fact that the changes are being imposed all at once. This could have really horrific effects on individuals, particularly those with large mortgages, as David Barchard reports on page IV.

Even those who have been prudent will have a lot less money to put aside for saving and they may be forced to run down previous investments to maintain their standard of living. There may be knock-on effects as people retreat from long-term savings commitments, and suffer the penalties.

So those who will be hit by Labour's taxes need to plan very carefully. How much of your take-home pay do you save at the moment? Will you be able to continue to save if your take-home pay falls by 10 per cent under Labour? If not, then beware of taking on further savings commitments in a pre-election rush. The greatest losers in the savings industry are those who stop long-term policies early on.

AT A GLANCE



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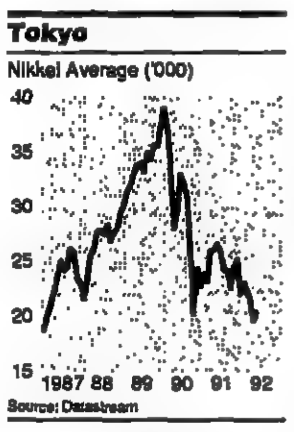


Source: Datastream

Scandals depress Nikkei

The Nikkei 225 share index in Tokyo fell below 20,000 this week, for the first time since February 1987. Political scandals and the weakness of many of the group's leading financial houses have dashed the hopes of many foreign investors that the Japanese market was due to a rebound. Ironically, on Thursday, news that the Japanese economy suffered a fall in output in the last quarter of 1991 caused the market to rebound back above the 20,000 level. The rise was caused by investor expectations that economic weakness would prompt the authorities to cut interest rates.

A trust for Europe

European markets have had a liberated feel to them since the Berlin Wall came down – prices have fluctuated widely, as the graph shows. This could mean big investment opportunities for those who pick their stocks carefully. Which is why Mercury is launching a New Europe unit trust. It will be a special situations-style trust, aiming to stay small in size, and looking for profits via stock picking, rather than asset allocation. It will have the freedom to invest in any European market, including the UK. Minimum investment is £1,000, or £50 per month via a savings scheme. Front end charge is 5.25 per cent (with a 1 per cent discount during the offer period until April 3), and the annual management charge is 1.5 per cent.

Endowment policy auction

Foster & Cranfield will hold another auction of endowment policies at the Connaught Rooms in London on Thursday, March 26. Over 130 second hand policies will be offered for sale. Further details can be obtained from Foster & Cranfield on 071-608-1941.

Election hurts small stocks

The pre-election nervousness that has hit the stock markets has taken its toll of small company shares over the past two weeks. The Hoare Govett Small Companies Index (capital gains version) fell from 1207.27 on March 5 to 1199.54 on March 12 and 1179.53 on March 12, a total fall of 2.3 per cent. The County Small Companies Index dropped from 956.7 to 953.5 and 937.3 over the same periods, a total decline of 2 per cent.

Sun Alliance launches bond

Sun Alliance has launched a single premium investment bond with a capital back guarantee in the first four years. No income can be taken during those initial years; after that, the normal 5 per cent rules apply. There are withdrawal penalties during the first four years; after four years, the guarantee does not apply. The guarantee is provided by putting 10 per cent of the sum invested into "protector units"; the effect will be to reduce the growth of the bond in the first four years if the stock market surges ahead. The minimum investment is £5,000, and the offer is open only between March 18 and May 13.

Labour and privatised stocks

Should we contemplate a triple whammy?

"WHAT we're saying to people with water shares is that they will be bought, when the time comes, at their proper value." Roy Hattersley. BBC Radio 4, March 18.

"No we won't. The public control that we want is to ensure (the utilities') high standard of security of supply and safety of supply." Neil Kinnock. ITN News, March 18.

PERHAPS not surprisingly, these are worrying times for shareholders in the privatised water and electricity companies. Even without Labour's apparent policy confusion, evidenced above by quotes on the same day, the shares have tumbled as the stock market comes to grips with the possibility of a Kinnock victory.

But what are the risks for shareholders in the utilities and should these shares now be sold?

The answer, according to the experts, is probably not. Although there will be violent short-term gyrations in sympathy with the polls, long-term investors who have not yet got out should sit tight.

Nigel Burton, who researches utilities for stockbroker SG Warburg, said: "It would be silly to sell them now. They've gone down too far and, even if Labour wins, they still offer good value and they've still got good dividend growth".

Peter Hyde, water specialist at Kleinwort Benson, added: "If you're petrified about a Labour victory and you're a short termist, you should sell. But over the longer term, I don't see much problem holding on to them."

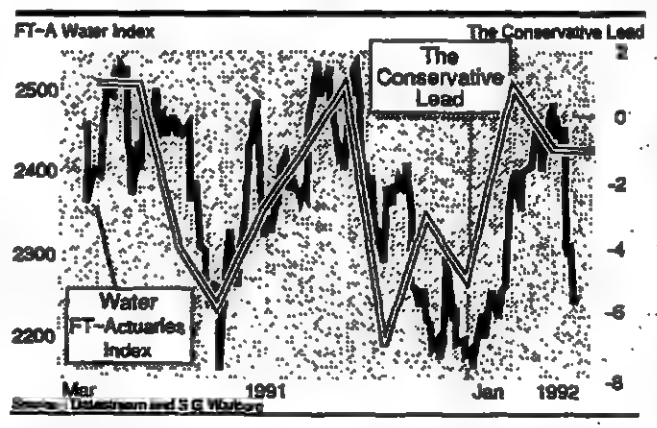
Labour has steadily toned down its policies towards the utilities, even in the last six months. Talk of re-nationalising BT or British Gas has long gone, and the two sectors Labour remains committed to restructure are the electricity industry, sold off in 1990, and the water companies.

Nevertheless, the stock market is worried for three reasons, a possible "triple whammy".

■ A Labour government might re-nationalise the water and electricity companies, possibly paying too little for the shares.

■ Labour will insist on tougher regulation and tighter price controls. This would mean lower profits for all the utilities, not just water and electricity.

■ "The dash for gas". Labour says it is determined to protect Britain's coal industry and is opposed to coal imports and gas-fired power stations which are now being built. Although Labour would be good for miners, its policies could push up costs for the electricity companies, depressing profits.



Source: Datastream and S G Warburg

Labour's manifesto, published this week, pledged to restore "public control" of the National Grid, which is owned by the regional electricity companies. The provision of water, the party said, is "so fundamental it is a priority for return to public control."

But public control is not public ownership. Even if Hattersley wants to, Labour may not be able to afford to buy back the water companies. Buying back effective control, 51 per cent, of the 10 water companies would cost about £4bn at today's prices.

But the new government would then have to pay its share of the water companies' £28bn capital investment programme. Given Labour's other spending plans, and high borrowings it would inherit from the Tories, the markets believe Labour's occasional threats to re-nationalise are merely symbolic gestures.

Labour's public control will probably be achieved through tougher regulation. Frank Dobson, Labour's energy secretary, has been attacking electricity companies and its regulator all year. He says prices and profits are rising too quickly. Labour has also criticised directors' salaries.

Labour has not yet decided how to tackle these issues. If the party wins, it will likely start a review of utilities' pricing and regulation. It is committed to forcing electricity companies to become more energy efficient, which usually means more spending and lower profits in the short term.

Any review would be bad for utilities' share prices, especially because it would create uncertainty. Some analysts expect a 10 per cent fall in water stocks if Labour wins.

But others say the fears are overdone. According to this view, the Tories have already toughened up on the utilities. For example, John Wakeham, energy minister, has been trying to keep politically sensitive electricity prices down ahead of the poll.

Either way, the longer term impact of any regulatory changes may not be as damaging as the market's pessimists expect. The water companies, for example, are expected to lift dividends by 4-6 per cent this year, in real terms. Modest regulatory tinkering by Labour could still leave dividends rising faster than inflation.

The irony, of course, is that electricity and water flotations were partly designed to create stable, if unspectacular, shareholdings. With three weeks to go to the election, and opinion polls rather than prudence driving the market, these shares have been turned into high risk, high reward stocks. But only very rich speculators should buy now in hope of a Conservative victory.

Angus Foster

Wall Street

Goodbye to bearers of bad tidings

IT WAS perhaps fitting that this was the week that saw the withdrawal from presidential politics of Paul Tsongas – the man who refused to sugar-coat his views on the US economy.

A few scattered statistics – a jump in housing starts here, improving retail sales there – were meanwhile being seized on by many as evidence that the US economy is in a recovery phase. Bearers of bad news such as Tsongas, the one politician who made it clear that he would not be Santa Claus, are clearly not welcome.

In the Bush camp, Nicholas Brady, the President's tennis partner and the Secretary of the Treasury, took heart from the Federal Reserve's latest survey of economic conditions and interpreted the improving picture as evidence that recovery is officially underway.

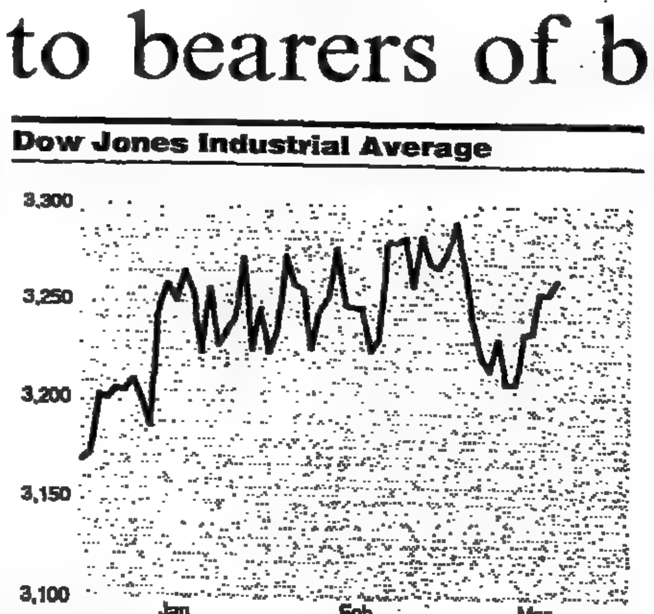
Predictably enough, less politically high-profile analysts of the US economy have been less categorical in their projections. "Yes, a recovery seems to be approaching, but it is by no means clear that it will be strong, or quick, or decisive."

Wall Street, of course, had expressed its own sugary vision of the macro-economy at the start of the year, rallying on the bet that lower interest rates and the law of averages would help US industry and finance to emerge from its prolonged period of stagnation.

The problem for US equity investors is that, having discounted a strong recovery three months ago, the trickle of data which indicates improving conditions is having little impact on day-to-day trading. This week's ho-hummish equity market was thus more narrowly focussed.

For example, the Treasury bond market's rally on Thursday, based partly on reduced fears of inflationary pressure, pushed the yield on the benchmark long bond below 8 per cent for the first time in several days. This in turn made bonds a less interesting alternative to equities and brought Thursday's trading volume up to a respectable 197m shares, compared to the anaemic 151m-share volume of last Monday.

The Dow Jones Industrial Average has not, however, seen any dramatic movements lately. It is an article of faith that the Dow is hovering comfortably above the 3,200 level, but the atmosphere is listless.



Source: Datastream

The equity market more the province of professional traders than retail investors because of yesterday's "triple witching" expiration of certain options on individual stocks and of the March Standard & Poor's 500 futures options.

In such a patchy market, it was far more interesting for investors to sit on the sidelines and watch Japan-bashers from the car industry score more rhetorical points.

Equally entertaining was the little soap opera that was played out last weekend in the boardroom at Chrysler, where the mercurial Lee Iacocca was finally persuaded to make good on his promise to retire as chairman at year-end.

Iacocca spent last Saturday in meetings that lasted until midnight with members of his board and Robert Eaton, the head of General Motors Europe who on Monday was named as Iacocca's successor.

The big loser was Robert Lutz, the former Ford executive who was supposed to be heir apparent, but who confounded skeptics on Monday by loyally promising to stay at Chrysler even though he has been effectively demoted by the appointment of Eaton.

Chrysler's share price has improved by 29 per cent over the last two months. It stood at $18 at lunch-time yesterday. The confirmation that Iacocca is finally prepared to hand over the top job seemed to appeal to investors, since Chrysler's share price has risen by nearly $2 in the wake of Monday's announcement.

Another corporate story that could affect share prices was the news that Dow Corning, the world's leading maker of silicone gel breast implants, is pulling out of the business.

Dow Corning has been hounded by Congressional investigations, allegations about the safety of its implants and hundreds of lawsuits that could result in expensive product liability claims. The company, a 50-50 venture between Dow Chemical and Corning, is not quoted, but Corning's share price has taken a beating in recent weeks. Dow Chemical, which is much less reliant on revenue from breast implants, has not been affected.

But, depending on how the terms of claims and settlements turn out, there could be more of an impact on the share price of both companies.

Alan Friedman

Monday	3236.36	+ 0.45
Tuesday	3256.04	+ 19.68
Wednesday	3254.25	– 1.79
Thursday	3261.40	+ 7.15
Friday		

FINANCE AND THE FAMILY/THE BUDGETS COMPARED

THE ELECTION AND YOU

Investment tips you should consider

THERE are 13 investing days to go until the election.

This is what the investment professionals might call a time of extreme political risk and volatility.

Some less scrupulous advisers and salesmen might call it a great selling opportunity.

If your earnings are substantially above the national average, then Labour's tax regime is likely to leave you worse off (see right). Several measures might alleviate the problem, but do not invest in haste, only to repent at leisure over the next five years.

As the tables show, higher top-rate taxes could substantially eat into income, so leaving large amounts of capital tied up for the long term could make life even worse.

The following measures could all make sense, but only if they fit with the underlying logic of your financial planning. Seek advice before acting.

■ **Family Companies** If you are a director of a family company, pay yourself bonuses this tax year rather than next. Accountants Blick Rothenberg suggest that this should be done through the PAYE scheme for this tax year, as this cannot be done retroactively.

Similar arguments apply to the payment of dividends – you might increase them and pay them between April 1 and 5.

■ **Business Expansion Scheme.** Labour will abolish the least risky property assured tenancy side of the scheme. So if you were thinking of a BES investment anyway, the logic in favour of doing so becomes greater. But it is essential, in this market, to tread with caution.

■ **Inheritance tax.** Make Potentially Exempt lifetime transfers now, as they could be threatened by Labour's long-term plans for IHT.

■ **Capital Gains Tax.** "Bed and Breakfasting" (selling shares and rebuying them the following day) to crystallise gains makes more sense than usual, as CGT thresholds are likely to go down under Labour.

■ **Offshore Funds** are not as strong a tax-planning tool as they were, but they do allow you to defer any tax until you bring the funds back onshore. If you are confident Labour would be booted out after five years, they could therefore make sense.

■ **Personal Equity Plans** make sense if you do not trust Labour to keep them, but it may not be wise to buy into equities just as the market hits a period of extreme uncertainty.

Your money or your vote

Ted Harker: under Lab +£278pa, Con +£128pa

Beverley Williams: under Lab +£129pa, Con +£129pa

David and Caroline: under Lab +£290pa, Con +£290pa

The Ellsworthys: under Lab −£1,374pa, Con ÷£177pa

The Hamiltons: under Lab −£12,604pa, Con −£56pa

NEVER BEFORE have British taxpayers been bombarded by two Budgets in successive weeks, writes John Authers.

At least one of them will never be fully implemented. But for the time being, both demand close scrutiny.

This week's Budget, from Labour's shadow chancellor John Smith, is necessarily less detailed than Norman Lamont's. But it was explicit enough on the central issues of income tax and national insurance to allow families a fair comparison between the two.

The main provisions were well-trailed:

■ There will be an additional top-rate band of tax, payable at 50 per cent, which will affect those on annual incomes of £40,000 or more.

■ The "ceiling" for national insurance contributions, payable at 9 per cent of income, will be abolished.

■ The new 20 per cent band of tax announced in Mr Lamont's budget will be discontinued.

■ Thresholds will be increased by more than the rate of inflation, to remove many people from the tax system altogether.

There was one pleasant surprise, which was the decision not to levy national insurance contributions on "unearned" income of more than £8,000 for people below retirement age.

This was viewed as a serious disincentive to saving, but Labour have now withdrawn, mainly because it would adversely affect the many people living on income from invested redundancy pay-offs.

Last week, the *Weekend FT* visited five sample households and, with the aid of Michael Bishopp and Clive Mackintosh of the executive & benefit services division of Price Waterhouse, analysed what effect Lamont would have on their household budget.

We can now, with Price Waterhouse's aid, revisit the households and see how they will do under John Smith.

The results are in the table. Bear in mind that all our basic comparisons are between two Budgets both of which at present are hypothetical.

Ted Harker, is in his early 70s and lives on a modest pension, plus income from savings. His total income is £15,000. He is single, with no mortgage.

He loses the benefits from the new 20 per cent band of income tax, which would have saved him, £100 per year. However, the additional £5 per week which Labour would put on the standard state retirement pension comes to his rescue. As a result, he ends up better off by £2.88 per week under Labour than he would be under the Tories' new budget, or £5.35 better off than he is now.

Beverley Williams, is a young, single woman on a salary of £15,000 a year, and living in a rented flat. She has no commitments, but her financial situation is otherwise almost exactly in line with the national average.

It may therefore not be a coincidence that Labour would leave her totally unaffected. As the table shows, she would pay more tax, thanks to the axing of the 20 per cent band, but less in NICs, thanks to increases in threshold.

The result: she will be a princely £2.48 per week better off under Labour than she is now, exactly the same figure as for the Lamont budget.

David Wallace and Caroline Campbell live in a house they bought together in 1989. They have a £50,000 mortgage, of which interest on the first £30,000 is subject to relief under MIRAS. They both work for a building society, earning £12,500 a year apiece. This makes them "DINKY"s – they have a double income, with no kids yet.

Despite their greater commitments, the maths for David and Caroline work out almost identically to the changes for Beverley Williams.

Their tax-efficient loan thanks to MIRAS survives untouched. Both benefit from the increasing thresholds, while both lose out slightly from the axing of the 20 per cent band.

Neither of them individually is close to the current ceiling for national insurance contributions, so the net result is exactly the same as for Beverley – a Labour budget would make no difference at all. Either way, they are £5.58 better off per week than they are now.

Fiona and Peter Elsworthy will be less happy about Labour's proposals. They are married, with two children. Fiona is the main breadwinner. She earns £40,000 a year as a solicitor and has a company Golf GTI which completes the year with a business mileage of under 2,501 miles.

Peter, a librarian, earns £10,000. They have a £50,000 mortgage, on which interest relief on the first £30,000 is available under MIRAS.

They will be grateful for Labour's rise in child benefits, which will move up from £907, under the Lamont budget, to £1,035 under John Smith. But the change to National Insurance contributions hit Fiona's take-home pay. If the ceiling is lifted under Labour, her NIC bill shoots up from £1,699 to £3,347. Changes to the Married Couple's Allowance and raised thresholds allow them to avoid any higher Labour taxes, and the couple's total tax bill declines from £12,076, under the budget, to £11,856. However, there is another £307 to be paid on the car.

The net result is to leave the couple £29.83 per week worse off than they would be under Lamont's budget, and £26.42 worse off than they are now.

James and Henrietta Hamilton, who are lucky enough to have a joint annual income of £100,000, are unlucky enough to take by far the greatest hit under Labour. James is a company director on £90,000 per year, while Henrietta has an income of £10,000 per year from investments. Their children have left home.

The new 50 per cent tax rate increases James' tax bill from £30,279 to £35,135, while his NICs go from £1,699 to £7,847. Changes to car benefit put the bill for operating a company car up from £5,956 to £7,445.

The net result is to leave them £241 worse off each week under Labour than they would be under the Conservative budget. James and Henrietta were not going to vote Labour anyway.

	1991-92	Con. 1992-93	Lab. 1992-93
Old age pensioner			
Income	10,000	10,000	10,260
Outgoings			
Tax	1,495	1,350	1,460
Alc & cigs	600	617	617
Tot costs	2,095	1,967	2,077
Free inc	7,905	8,033	8,183
Total gain		£2.46pw	£5.34pw
Single earner			
Income	15,000	15,000	15,000
Outgoings			
Tax	2,926	2,788	2,844
NIC	1,161	1,153	1,097
Alc & cigs	600	617	617
Tot costs	4,687	4,558	4,558
Free inc	10,313	10,442	10,442
Total gain		£2.47pw	£2.47pw
Couple living together			
Income	25,000	25,000	25,000
Outgoings			
Tax	4,602	4,327	4,438
NIC	1,871	1,856	1,745
Mortgage	5,400	5,400	5,400
Tot costs	11,873	11,583	11,583
Free inc	13,127	13,417	13,417
Total gain		£5.58pw	£5.58pw
Married with children			
Income			
Husband	10,000	10,000	10,000
Wife	40,000	40,000	40,000
Chd ben	871	907	1,035
Total	50,871	50,907	£51,035
Outgoings			
Husb tax	1,246	1,109	1,549
Wife tax	11,127	10,967	10,307
Mortgage	5,400	5,400	5,400
Car	1,830	1,914	2,221
Alc & cigs	600	617	617
Husb NIC	711	703	647
Wife NIC	1,636	1,699	3,347
Tot costs	22,550	22,409	24,088
Free inc	28,321	28,498	26,947
Tot gain/loss		£3.40pw	-£26.42
High earners			
Income			
Husb sal	100,000	100,000	100,000
Outgoings			
Husb tax	35,577	35,417	41,445
Car	5,700	5,956	5,956
NIC	1,636	1,689	8,747
Alc & cig	1,200	1,234	1,234
Tot cost	44,113	44,296	57,382
Free inc	55,887	55,704	42,618
Total loss		£3.52pw	£255.17pw

Source: Price Waterhouse

What will Labour do with Serps?

Debbie Harrison looks at the Labour Party's plans for pensions

THE LABOUR Party's commitment to increase the old age pension by £5 for single people and £8 for couples is well known, but little has been said about the party's plans to revitalise the State earnings related pension scheme (Serps) and to stall the drive towards personal pensions.

Since 1988, 4.6m employees have opted out of Serps using personal pension plans, switching a big chunk of pensions provision from the state to the private sector.

Personal pensions have widened choice. Before 1988, it was only possible to opt out of Serps through an approved occupational scheme. If the employer did not offer such a scheme, the employee was *automatically* in Serps.

However, a Labour Government would seek to re-establish Serps and good final salary schemes as the twin pillars of UK pension provision. Serps and most UK occupational schemes are based on the final salary concept. Under occupational schemes, each year of service builds up to a pension based on the employee's salary at retirement.

In a money purchase scheme – such as personal pensions – contributions are invested to build up a fund which buys an annuity on retirement. This means that the level of pension depends on the fund's investment performance. There is no guaranteed pension or link with final salary.

Under Labour, Serps would be revamped to provide the benefits it originally offered, before the present Government reduced its value. It will also offer several new features.

First, the Serps pension will be based on an individual's best 20 years of earnings rather than on an entire lifetime. This is particularly important for women who tend to work part time for several years while they raise a family. Clearly if the pension is based on earnings over an entire career these periods of low earnings would drag down its value.

Second Labour would increase the value of the pension to 25 per cent of average "band" earnings. Band earnings are the earnings on which National Insurance contributions (NICs) are paid. From April, employees would pay NICs on earnings between £54 and £405 per week.

Of course Labour plans to abolish the upper earnings limit (UEL) for employees' contributions so that NICs will be levied on the entire income over £54 per week. However, the Party will retain a notional UEL to limit the earnings which can be taken into account for the Serps pension.

Third, the new Serps would be open to the self employed for the first time, thus partly eliminating the need for private plans in this sector.

Fourth, the scheme will allow members to pay additional voluntary contributions, rather like the AVC plans available for members of occupational schemes. Serps AVCs would allow members to make good any shortfall in provision, to build up a higher pension and/or to take part of the benefit as a cash lump sum.

The ability to boost the Serps pension in this way could further restrict the role of personal pensions and free standing AVCs (FSAVCs).

Labour also has pledged to increase both the basic and the Serps pensions in line with average earnings, rather than the present system which links pension increases to retail prices. Earnings inflation tends to outstrip prices by about 2 per cent. The party said it did not plan to abolish higher-rate tax relief on contributions.

There will be a new regime for personal pensions. Currently employees with a personal pension can apply for a rebate of band earnings worth up to £1,500 for the 1991/92 tax year. This includes an "incentive" – in Labour's view a bribe – to encourage employees to opt out. The Government recently announced it would reduce the incentive to 1 per cent and apply it just to the over-30s after April 1993.

Michael Meacher, Labour's shadow spokesman for Social Security, plans to introduce a series of conditions for personal pension providers and those selling the plans so that employees can make a meaningful comparison with the new Serps benefits. To this end Labour will:

■ Withdraw the 2 per cent incentive immediately and the 1 per cent incentive planned to take effect from April 1993.

■ Ensure that in future occupational and personal pension providers can only contract out of Serps if they can guarantee a minimum pension.

■ Require people with personal pensions to be informed when it is in their best interests to opt back into Serps.

■ Require disclosure of agents' commissions and management charges showing their impact on the investment.

■ Ensure national standards for user-friendly information to compare personal pensions with occupational schemes and Serps, distinguishing between speculative and guaranteed projections.

On occupational schemes, Labour has said it will require preserved pensions – the benefits an employee leaves behind when he or she changes job – to be fully index-linked. At present, preserved pensions must be increased by a maximum of 5 per cent per annum or retail prices, whichever is the lower. Labour's proposal also would have a significant impact on the transfer values offered to job changers, since the calculation is based on the preserved pension.

A further concern for the *occupational pensions industry* is Labour's approach to the equalisation of pension benefits under company schemes. The historic Barber judgment stated that pensions are pay and, as such, must be equal for men and women.

If equalisation applied to all benefits built up before the judgment, the cost to schemes would be up to £50bn. But at the Maastricht summit last December, EC ministers agreed that there should be no retrospective application. However Labour has said it could oppose the Maastricht protocol, which has yet to be ratified and implemented in the 12 member states.

Labour home price fears

*Entering the housing market? **David Barchard** has some advice*

BRITAIN'S home owners, already battered by the worst housing market in half a century, had better brace themselves for further nasty shocks if Labour wins the general election.

People used to say that if there was to be a Labour government the first thing one should do was to buy a house by taking out the largest obtainable mortgage and wait for inflation to whittle the debt away.

That was in the 1960s and 1970s, when inflation usually ran well ahead of interest rates.

That experience is unlikely to be repeated in the 1990s. A Labour government is going to have to live inside the disciplines of the European monetary system and interest rates and the cost of borrowing will march in line with inflation.

Add to this picture, a housing market full of homes that cannot find buyers and there are obvious grounds for apprehension about the effects of a drastic change in economic policy.

"We think that some of the measures the Labour Party are planning could be devastating for the housing market," says mortgage broker John Charcol.

People who earn more than £40,000 will be hit by the new 50 per rate on income tax, and Charcol fears that a good proportion of people with incomes above £50,000, who borrowed at the height of the housing boom, may find themselves unable to keep up mortgage payments as a result.

Some people, who would have been moving up the housing ladder, may find themselves having to move down, leading to a larger number of higher value properties coming onto the market.

Perhaps they should have listened to those economists who have been arguing against investing in property. "It's a bit late in the day now but most *FT* readers should have sold their houses two years ago and put the money on deposit and rented. But who wants to live like that?" says Professor Tim Congdon.

That said, first time buyers could have cause for moderate encouragement. A Labour government will be good news for people earning less than £20,000. The tax and National Insurance Plans of the Labour government will leave them slightly better off in a buyer's market.

The average first-time buyer has an income of £18,000, so it is reasonable to assume that a Labour victory could be a mild stimulus to the first-time buyer's end of the housing market.

It may also be boosted by tax incentives introduced by a Labour government specifically intended to help first-time buyers. Conversely, first-time buyers may be shy of entering the market because of other likely changes under Labour.

One of these is a rise in interest rates. These tend to be at their lowest around election time and to rise afterwards. Economists in the City are forecasting a rise in interest rates of between half a percentage point and two full percentage points in the months after April 9.

By the summer, on a pessimistic projection, the market could find itself struggling to contend with base rates of perhaps 12 or 12.5 per cent and mortgage interest rates around 13 per cent. A one per cent base rate rise is perhaps more likely, implying a mortgage interest rate of 12.5 per cent.

In such circumstances, would-be home buyers are likely to think twice about entering the market. So, instead of a revival, we are quite likely to see things getting worse.

It is more probable that the fall in house prices will accelerate, at least until base rates come down.

John Wriglesworth, housing finance analyst at UBS Phillips & Drew, reckons that prices could plunge by as much as a further five per cent if base rates rise sharply.

Even if base rates do not shoot upwards, building societies and banks are going to find it difficult to hold down their mortgage interest rates. There are two reasons for this.

One is that rates are already too low. The lenders cut rates in January, expecting a further half a percentage point cut in base rates in the budget. It did not happen and the margin between their lending and savings rates is now too narrow to be sustained.

A second reason is that building societies are under pressure on their savings business and if they have to compete with a government which is also trying to attract savings to finance its budget deficit, they will have even less scope for holding down rates to borrowers.

Building society savings accounts look distinctly unattractive compared to other investments such as gilts.

But perhaps savings accounts generally will be a better place for your money than housing. "I don't think you would expect much house price inflation under a Labour Government and if there is a good interest rate available on deposit you should sell and invest the money, but that depends on people's circumstances," says Professor Congdon.

The Week Ahead

FULL-YEAR figures from P&O, the shipping, construction and property group, on Tuesday are expected to show a drop in pre-tax profits to around £200m – £210m from £261.3m in 1990. This will be the second year of sharply falling profits, though the forecast assumes a more stable second half after interim figures showed a plunge to £73.1m (£132.1m).

P&O's balance sheet was bolstered by a £604m rights issue announced with the interims, when a maintained final dividend was promised.

On Wednesday Reckitt & Colman, the consumer products group, should report a rise in annual pre-tax profits to around £255m-£260m, up from £235.2m in 1990. The main feature will be the performance of Boyle Midway, the US business bought in 1990, in its first full year when some significant savings have been made. Also the benefits of the restructuring of the European business over the last couple of years should be visible. Interim profits were up 18 per cent to £127.6m.

Cookson, the chemicals group, reports its full-year profits on Wednesday. Analysts' expect pre-tax profits to well below last year's figure of £97.5m. Estimates at the top end are about about £45m, and the market is likely to be disappointed with anything below £40m.

The main concern will be the dividend which was cut last year to 6p for the year. There is nervousness it could be cut again which analysts would take as a signal the new management team has lost confidence in its policies. They will also be looking for any sign of an upturn, particularly in the US.

Wellcome, the healthcare company, which reports its preliminary results on Thursday, gave a profits forecast of not less than £235m (£181.2m) when the Wellcome Trust, the largest shareholder, said it would be selling a substantial part of its 73.6 per cent stake.

Underlying sales growth should be about 20 per cent, with Zovirax, the herpes treatment, and Retrovir, the Aids drug, performing well. Analysts will also be looking at the performance of new products such as Exosurf, a respiratory drug, and Wellbutrin, an anti-depressant.

Lasmo, the independent oil exploration and production company will report its results on Wednesday when analysts believe it will show a drop in net income of some £10m to £71m as a result of low oil prices. But the company is also planning to change its accounting practices.

Burmah Castrol, the refining and lubricants company, reports on Thursday and although more insulated from the low oil price than exploration companies, is expected to show a fall in net income to £72m from £97m the previous year.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Lawrence (W.)	49½	50	23	24.08	Raine Inds.
Macarthy	363§§	338	321	99.91	Lloyds Chemists
Polymark Intl	37*	36	34	4.33	Polyfinance
Do. Pfd. A	164½*	163	131	5.08	Polyfinance
Steetley	378½	371	274	591.51	Redland
Taveners	165*	155	130	4.77	Toms Fabrikker
Wilkes (J.)	151½	147	177	26.69	Petrocon

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional **Based on 2.30pm prices 20/3/92. †At suspension. §§Shares and Cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Alliance Tst	Jan	30,640	(28,980)	43.5	(40.7)	43.0	(40.0)
Allied Radio	Dec	1,570 L	(2,740 L)	-	(-)	-	(-)
Amey Hldgs	Dec	2,800	(2,200)	-	(-)	-	(-)
Antofagasta Hldgs	Dec	19,200	(29,300)	50.2	(76.0)	19.0	(19.0)
Arcolectric Hldgs	Dec	318	(447)	3.8	(4.39)	1.11	(1.06)
Arjo Wiggins Appleton	Dec	231,500	(259,600)	18.0	(21.5)	8.35	(8.35)
Automated Security	Nov	23,200	(33,200)	11.4	(23.3)	4.9	(4.9)
BAT Industries	Dec	1.05bn	(945,000)	27.9	(23.0)	33.6	(31.1)
Bluebird Toys	Dec	3,550 L	(856 L)	-	(-)	-	(-)
Bowthorpe Hldgs	Dec	40,300	(45,500)	14.0	(16.0)	6.04	(5.75)
BPP Holdings	Dec	6,390	(5,190)	17.3	(15.7)	6.9	(6.3)
Bristol & West	Dec	67,400	(60,600)	-	(-)	-	(-)
Britannic Assurance	Dec	24,700	(17,900)	39.8	(28.9)	29.5	(25.3)
British-Borneo	Dec	3,900‡	(2,590‡)	19.9	(18.1)	7.1	(5.83)
British Mohair	Dec	2,620	(2,520)	13.7	(12.7)	8.5	(8.5)
BSG Int'l	Dec	11,100	(13,100)	3.32	(4.29)	3.2	(3.2)
Caird Group	Dec	6,870	(4,860)	4.75	(2.5)	2.7	(2.4)
Cattle's Hldgs	Dec	9,800	(8,200)	6.1	(7.0)	3.8	(3.8)
Celestion Inds	Dec	1,060 L	(951)	-	(3.9)	1.2	(1.2)
Christies Int'l	Dec	6,400	(43,100)	2.12	(14.4)	3.3	(8.3)
Clyde Petroleum	Dec	3,040	(9,980)	2.0	(2.9)	1.25	(1.25)
Dairy Farm Int'l	Dec∯	201,000	(203,300)	6.98	(9.29)	4.6	(4.6)
Davis Service Group	Dec	16,700	(22,300)	13.24	(17.6)	7.98	(7.98)
Delta	Dec	65,600	(87,100)	26.0	(35.7)	14.0	(14.0)
Evans Halshaw	Dec	3,860	(4,110)	11.7	(12.3)	11.25	(11.25)
Ferrum Hldgs	Dec	2,640	(2,570)	7.13	(8.16)	2.5	(2.25)
Fisher (James)	Dec	1,500	(3,630)	6.1	(9.11)	5.5	(5.5)
Forward Technology	Dec	872 L	(2,340 L)	-	(-)	-	(-)
Global Group	Dec	2,040	(5,010)	1.35	(3.11)	0.5	(0.5)
Graseby	Dec	10,300	(7,700)	13.8	(11.9)	10.9	(10.9)
Guardian Royal Ex	Dec	210,000L	(157,000L)	-	(-)	7.0	(11.9)
Guinness	Dec	956,000	(847,000)	35.3	(31.8)	10.8	(9.37)
Henderson Highland	Feb	2,000	(2,240)	5.74	(6.27)	5.6	(5.25)
IMI	Dec	73,300	(115,100)	16.0	(23.0)	10.0	(10.0)
Inoco	Dec	3,710 L	(6,130 L)	-	(-)	-	(-)
ISA Int'l	Dec	2,120	(2,830)	4.31	(5.84)	1.38	(1.3)
JIB Group	Dec	20,100	(15,100)	13.6	(12.0)	6.0	(-)
Johnson Group Cleaner	Dec	16,000	(17,380)	50.3	(57.8)	25.7	(25.7)
Kerry Group	Dec∯	24,100	(19,268)	14.5	(12.6)	2.18	(2.1)
Kwik-Fit Holdings	Feb	32,100	(19,400)	13.27	(7.67)	3.35	(2.75)
Laing (John)	Dec	65,300 L	(20,100)	-	(15.2)	9.0	(13.0)
Law Debenture Corp	Dec	4,300‡	(4,000‡)	18.9	(17.6)	17.5	(16.0)
Lex Service	Dec	500	(9,100)	-	(4.9)	10.0	(15.3)
Lionheart	Dec	2,630	(704)	1.3	(0.62)	0.3	(-)
Manders Hldgs	Dec	6,040	(6,600)	13.0	(14.3)	7.0	(7.0)
Marley	Dec	25,000	(14,300)	6.0	(3.5)	6.35	(6.35)
Matthews (Bernard)	Dec	13,200	(15,500)	6.65	(7.99)	4.5	(4.5)
Mayborn Group	Dec	2,730	(1,560)	10.1	(7.4)	4.2	(3.6)
Metalrax Group	Dec	7,210	(7,130)	7.62	(7.25)	3.9	(3.49)
Needler Group	Dec●	1,740	(6,680)	3.4	(18.6)	7.0	(10.54)
Nestor-BNA	Dec	5,310	(8,020)	5.81	(8.64)	3.15	(3.15)
Padang Senang	Dec	98	(70)	1.12	(0.85)	0.6	(0.6)
Peek	Dec	6,060	(9,660)	3.6	(6.4)	3.4	(3.4)
Portals Group	Dec	27,600	(26,900)	31.4	(30.6)	13.8	(13.0)
Refuge Group	Dec	12,600	(13,800)	25.8	(25.6)	29.0	(26.7)
Rentokil Group	Dec	94,600	(74,700)	15.6	(12.2)	4.23	(3.3)
R&M American Capital	Feb	606 †	(683 †)	8.07	(7.77)	7.8	(7.8)
RPS Group	Dec	493 L	(1,740)	-	(9.49)	2.0	(3.2)
Rugby Group	Dec	55,800	(66,700)	12.7	(14.9)	6.45	(6.45)
Sanderson Murray	Dec♣	1,550	(836)	44.1	(32.3)	10.0	(10.0)
Schroders	Dec	82,100§	(31,600§)	82.2	(60.1)	18.0	(14.0)
Smith & Nephew	Dec	132,400	(132,100)	9.0	(9.2)	4.44	(4.36)
Sotheby's Hldgs	Dec∯	21,500	(154,600)	0.26	(1.65)	60.0	(60.0)
Spandex	Dec	4,200	(4,300)	20.4	(24.4)	6.0	(5.5)
Stag Furniture	Dec	2,040	(1,170)	16.4	(6.1)	6.5	(5.5)
Steel Burrill Jones	Dec	10,550	(9,440)	19.9	(16.2)	13.2	(12.2)
Suter	Dec	17,800	(24,000)	10.5	(16.0)	8.8	(8.8)
Thai-Euro Fund	Dec∯	2,870‡	(2,260‡)	38.2	(30.4)	22.5	(-)
Thames Television	Dec	8,200	(8,900)	4.1	(10.9)	7.5	(16.0)
Thornton Pan-Euro	Feb	221#	(241#)	1.1	(1.92)	1.0	(0.87)
Trade Indemnity	Dec	46,600 L	(26,800L)	-	(-)	-	(1.9)
Trinity Int'l	Dec	13,300	(18,200)	16.1	(21.6)	8.4	(8.0)
Try Group	Dec	2,200	(1,600)	4.7	(8.7)	6.0	(6.0)
Unichem	Dec	21,400	(15,400)	13.6	(12.4)	5.0	(1.5)
Vinten Group	Dec	9,180	(8,650)	20.5	(19.8)	6.6	(6.2)
Wassall	Dec	10,300	(7,600)	13.0	(11.9)	3.0	(2.5)
Watmoughs (Hldgs)	Dec	8,100	(11,600)	21.34	(32.4)	10.5	(10.25)
Wilson Bowden	Dec	27,600	(30,100)	24.5	(26.6)	8.7	(8.3)
Wimpey (George)	Dec	16,100 L	(43,300)	-	(8.31)	10.5	(10.5)
World of Leather	Dec	115	(823 L)	0.9	(-)	-	(-)
WPP Group	Dec	56,100	(80,000)	27.9	(78.1)	-	(-)
WSP Hldgs	Dec	1,080	(1,600)	7.2	(10.1)	2.9	(2.9)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
BZW Convertible	Jan	2,270#	(1,920#)	1.5	(1.5)
European Leisure	Dec	45,800 L	(4,420)	-	(0.5)
F&C High Inc Tst	Dec	467‡	(274‡)	1.2	(1.2)
Green (Ernest)	Dec	342	(1,110)	2.75	(2.75)
Hadleigh Inds	Sep◆	535 L	(-)	-	(-)
Headway	Dec	795 L	(365 L)	-	(-)
Honeysuckle Group	Nov	589	(243)	-	(-)
MAI	Dec	30,200	(29,600)	1.4	(1.4)
Menzies (John)	Dec	2,190	(2,580)	2.3	(2.3)
M&G Income Inv Tst	Jan	3,770#	(-)	0.75	(-)
Paterson Zochonis	Nov	11,600	(11,200)	2.25	(2.15)
Savage Group	Dec	676	(616 L)	-	(-)
Scottish Asian Inv	Jan∯	357	(-)	-	(-)
Select Appointments	Oct	608 L	(711)	-	(-)
Trace Computers	Nov	221	(31)	0.55	(0.55)
Walker (Thomas)	Dec	3	(37)	0.18	(0.18)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. # = Net revenue. ‡ = Net profits. ∯ = Figures quoted in US dollars & cents. ● = Figures quoted in Canadian dollars & cents. † = Available income ♣ = Last years figures for 18 months. ◆ = Restated figures. § = Post tax profits.

RIGHTS ISSUES

Trinity Int'l Holdings is to raise £23.6m via a 1-for-5 rights issue at 215p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Intercare Group is to raise £3.52m via a placing of 2.75m shares at 128p.

FINANCE AND THE FAMILY/LIBERAL DEMOCRATS

THE ELECTION AND YOU

The radical Liberals

***Scheherazade Daneshkhu** on the Lib Dem's far-reaching tax plan*

IF YOU WANT radicalism, vote Liberal Democrat. The party's plans include a complete overhaul of the tax and social security systems, setting them apart from the Tories and Labour. Sceptics might argue that as the third party, the Liberal Democrats have the luxury of putting forward ambitious plans they know they are unlikely to have to implement.

The broad aim is to create a simpler and fairer system of taxation and pensions to benefit those on low incomes at the cost of the very wealthy.

What follows is a broad summary of the main ideas.

■ **Income tax and National Insurance:** These taxes are to be integrated into one. The 20 per cent tax band introduced by *Norman Lamont* would be abolished and 1p added to the basic rate of tax, making it 26p.

Those earning up to £33,000 would pay 35 per cent tax on income (26 per cent in income tax and 9 per cent National Insurance); at £33,000 up to £50,000, the rate would be 42 per cent (33 per cent income tax and 9 per cent NIC); those earning over £50,000 would pay 50 per cent (41 per cent income tax and 9 per cent NIC).

The party estimates that 80 per cent of taxpayers would fall into the first band. Pensioners and small savers would be entirely exempt from NIC.

■ **VAT:** Would be reduced by 0.5 per cent in 1993/4 and a further 0.5 per cent in 1995/6.

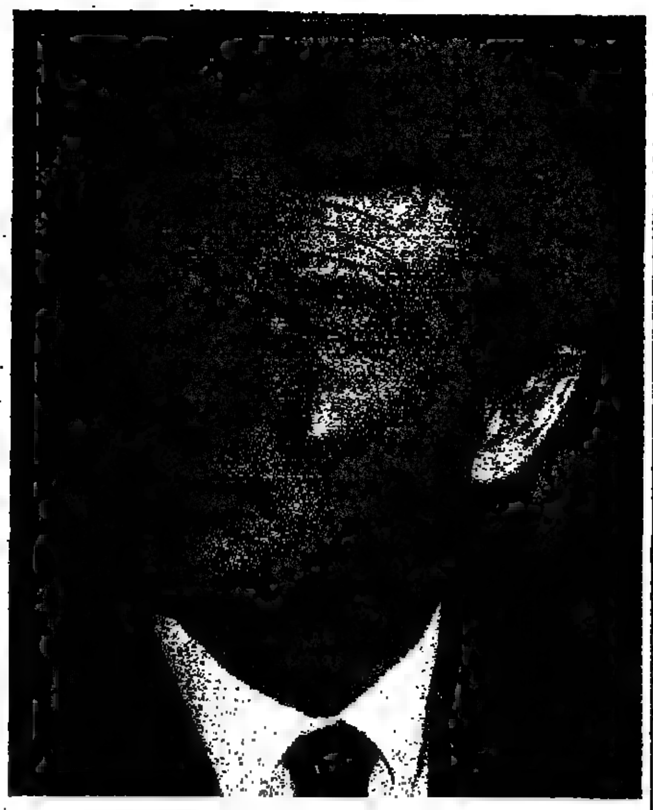
■ **Personal allowances:** These would eventually be replaced by a tax credit system. Individuals now deduct their personal allowance from their earnings to obtain their taxable income. This benefits higher rate taxpayers in particular because the allowance reduces that element of their earnings which is taxed at the top rate.

Under the Liberal Democrats, tax would be calculated on gross earnings. The "tax credit" would then be deducted from this figure. The effect would be to equalise the worth of the tax credit between the various tax bands.

■ **Married couple's allowance:** This would be frozen and the Chancellor's proposal to allow its transferability adhered to.

■ ***Capital Gains Tax:*** Radical reform again. The system of CGT exemptions would be removed. A lower CGT threshold would be established but there would be some transferability of allowances between income and capital gains.

■ **Inheritance Tax:** Like Labour, the Liberal Democrats want to reform this tax to make the beneficiary, and not the estate, liable for IHT. You would be given a £50,000 IHT exemption. If it is used up, you would then be granted a £5,000 annual allowance which would roll-up for 10 years. So the maximum IHT exemption at any one time for an individual would be £250,000.



Colin Beere

Paddy Ashdown: a new system

The aim is to encourage wider distribution of wealth. If you left £150,000 to your eldest son, he would pay IHT on £100,000. But if you left it to your three children, there would be no IHT. There would be exemptions or concessions for family businesses.

■ **Tessas, Peps:** To be replaced eventually by a single savings scheme known as a Registered Savings Account. This would be an account for tax purposes into which *cash deposits*, shares or money for a pension, would be placed. You would obtain tax relief at your marginal tax rate on the investment, with the account enjoying relief on income and capital gains. There would be income tax to pay once you realised the assets.

■ **Pensions:** The aim is to increase the basic state pension immediately. For single pensioners, this would mean a rise of £5 a week and £8 for married couples. Means testing would end and everyone would receive the pension by right. It would be funded partly through the abolition of the *State earnings related pension* scheme (Serps), though those with Serps entitlements would receive their Serps pension.

The retirement age would be 65 years for men and women.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Appleyard Group	Thursday	2.6	5.2	2.6
APV	Thursday	2.0	3.4	2.0
Aran Energy	Monday	-	-	-
Argos	Monday	2.0	4.0	2.1
Astec (BSR)	Monday	0.7	-	-
Ayrshire Metal Products	Monday	1.75	1.0	-
Barr & Wallace Arnold	Tuesday	3.0	5.75	3.0
Bemrose Corp	Monday	4.3	7.45	4.3
Boddington Group	Wednesday	2.15	3.85	2.35
Booker	Thursday	7.25	14.0	7.5
Bostrom	Thursday	2.5	3.5	2.6
Boustead	Thursday	0.55	1.1	0.35
Brake Bros	Tuesday	1.5	3.75	1.65
Bredero Properties	Tuesday	1.2	1.2	-
Breedon	Friday	1.75	2.85	1.75
Brent Chemicals	Monday	1.6	5.8	1.6
Bridon	Tuesday	2.5	5.5	2.5
British Alcan Aluminium	Wednesday	-	-	-
Bunzl	Thursday	2.6	3.3	1.6
Burford Holdings	Thursday	0.4	0.45	0.45
Burmah Castrol	Thursday	8.5	14.5	8.5
Canning (W)	Monday	2.94	4.35	2.94
Cannon Street Inv	Thursday	3.3	5.5	3.3
Claremont Garments	Monday	-	-	-
Clarkson (Horace)	Thursday	2.75	5.25	2.75
Clifford Foods	Wednesday	4.0	7.0	4.4
CMB Packaging	Wednesday	-	-	-
CMW Group	Thursday	-	1.63	0.9
Coats Viyella	Thursday	3.0	4.0	3.0
Colorgraphic	Tuesday	2.0	4.66	-
Cookson Group	Wednesday	3.0	3.0	3.0
Cussins Property Group	Tuesday	3.75	-	-
Derwent Valley	Tuesday	2.75	6.5	2.9
Dolphin Packaging	Wednesday	1.5	2.8	1.7
EBC Group	Tuesday	3.5	4.5	3.6
ECC Group	Monday	6.6	13.4	6.8
Edinburgh Oil & Gas	Tuesday	-	-	-
Epwin Group	Tuesday	2.1	4.3	2.1
Era Group	Monday	-	-	-
Fairhaven Int'l	Tuesday	1.0	0.27	1.0
Geest	Tuesday	3.25	3.75	3.5
Gibbs & Dandy	Wednesday	-	-	-
Goal Petroleum	Tuesday	-	1.1	-
Hambro Countrywide	Tuesday	0.05	-	0.05
Hepworth	Wednesday	5.5	9.35	5.5
Hibernian Group	Monday	1.75	3.45	1.9
HTV	Friday	1.5	2.25	1.5
Hungarian Inv	Monday	-	-	-
Iceland Frozen Foods	Tuesday	2.3	4.9	2.65
Invergordon Distillers	Tuesday	2.0	3.0	3.3
Isle of Man Steam Packet Co	Monday	2.0	6.0	3.0
I&S Optimum Inc Tst	Thursday	1.75	1.8	1.8
Jardine Matheson Holdings	Wednesday	n/a	n/a	n/a
Jardine Strategic Holdings	Thursday	-	-	-
Jeyes Group	Thursday	2.2	3.2	2.6
Kingfisher	Wednesday	3.8	8.4	4.0
Lambert Howarth	Wednesday	3.6	7.65	4.0
Laporte	Tuesday	5.4	11.4	6.5
LASMO	Wednesday	2.2	4.75	2.3
Linread	Monday	2.0	2.7	2.0
Mallett	Tuesday	2.0	4.0	1.6
Medeva	*Wednesday*	-	0.75	0.5
Micro Focus Group	Wednesday	-	-	-
Microvitec	Wednesday	0.1	0.2	-
Monument Oil & Gas	Thursday	-	-	-
Morrison (William) Supermkts	Thursday	0.35	1.2	0.4
Oriel Group	Wednesday	1.5	3.0	1.8
Page (Michael)	Wednesday	0.6	1.2	0.6
P-E Int'l	Monday	2.0	4.2	2.0
Pendragon	Tuesday	1.8	3.6	2.0
P&O	Tuesday	13.5	17.0	15.5
Plasmec	Thursday	1.8	1.8	1.0
Portmeirion Potteries	Friday	2.35	5.1	2.35
Process Systems	Monday	-	-	-
Prudential Corp	Tuesday	3.5	6.8	3.8
Reckitt & Colman	Wednesday	12.25	21.75	5.5
Relyon Group	Friday	1.75	3.15	1.75
Richardsons Westgarth	Wednesday	1.2	1.55	1.2
Rotork	Monday	3.85	5.15	4.25
Seafield Resources	Thursday	-	-	-
Secure Tst Group	Thursday	3.0	7.5	3.5
Sharpe & Fisher	Monday	1.5	2.5	1.5
Sheffield Insulations	Thursday	1.8	3.6	1.8
Slough Estates	Thursday	4.2	7.16	4.4
Spear (JW) & Sons	Thursday	-	8.0	2.0
Spring Ram Corp	Monday	0.14	0.34	0.06
Thompson Clive Inv	Wednesday	-	3.6	-
Tibbett & Britten	Thursday	2.9	6.3	3.4
TT Group	Tuesday	2.0	3.0	2.2
United Newspapers	Thursday	7.5	13.5	7.6
Weir Group	Thursday	2.8	6.5	3.1
Wolstenholme Rink	Thursday	6.3	10.0	6.5
Woodchester Inv	Monday	1.26	1.36	1.51
Worcester Group	Tuesday	1.33	2.66	1.33
INTERIM DIVIDENDS				
Amber Day	Tuesday	0.9	1.8	-
Barrett Developments	Wednesday	3.21	-	-
Bridport-Gundry	Wednesday	1.5	2.6	-
Burn Stewart Distillers	Wednesday	-	-	-
Community Hospitals	Monday	2.2	3.8	-
Frogmore Estates	Wednesday	3.2	10.6	-
Gleeson (MJ) Group	Thursday	3.12	8.74	-
Kalamazoo	Thursday	0.5	1.5	-
Kleinwort Development Fund	Monday	2.75	8.75	-
Lloyd Thompson	Monday	2.7	6.3	-
Merivale Moore	Monday	2.75	7.75	-
Micklegate Group	Thursday	-	0.5	-
Murray Ventures	Thursday	3.4	6.9	-
MY Holdings	Thursday	0.55	0.5	-
Portugal Fund	Wednesday	-	-	-
Pressac Holdings	Wednesday	0.75	1.66	-
Ricardo Int'l	Thursday	1.9	3.6	-
Sentry Farming Group	Friday	-	-	-
Tay Homes	Tuesday	1.2	4.1	-
Town Centre Securities	Wednesday	0.9	1.9	-
Wellcome	Thursday	3.0	7.0	-
Wolseley	Tuesday	3.1	9.0	-
Wood (Arthur) & Son	*Tuesday*	-	4.1	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † = US cents.

Victim of a guillotine

THE GUILLOTINE which cut through the Finance Act last week has claimed a high-profile victim: the Cabot Square enterprise zone trust in Docklands.

The legislation necessary was not enacted and on Thursday, Olympia & York, the developers, decided to withdraw the issue, which had aimed to raise £215m. Investors will be repaid all their money, plus interest.

It was an ignominious end to the most ambitious tax shelter scheme attempted in the UK. O&Y, and the trusts' sponsors, Independent Property Securities, had relied on a new ruling that a building would qualify for EZ tax relief even if it was already occupied by tenants. This failed to materialise.

Ten, Cabot Square, which the trust was to have bought, already has some occupied floors, so the deal could not go through in its original form.

However, the trust could have been restructured so that investors only bought the unoccupied floors. This would have been complicated, but far from impossible.

There may have been other reasons why O&Y threw in the towel. Takings, at around £30m, seemed far short of target for a trust aiming at £215m.

Bad publicity about O&Y's Canadian parent company's financial difficulties did not help. Unfavourable press comment about the structure of the deal (some unjustified), and hostility among intermediaries further damaged the impressive marketing which O&Y and the sponsors had devised.

How will this £215m hole in the market be filled? Laser Richmount, last year's market leader, and US investment bank Merrill Lynch, both seem likely to benefit.

The money coming out of Canary Wharf could lead to an influx to other trusts. This, unfortunately, means that haste might be required, even though the choice will be difficult. Important factors include:

■ the strength of the bankers' rental guarantees,

■ the rental yield, (pre-tax relief yields on the market vary from 6.94 per cent to 8.25 per cent),

■ the position of the property, which helps determine prospects for capital appreciation,

■ if the property has been pre-let (an advantage), the creditworthiness of the tenants.

There are seven sponsors in the market, offering property in 11 different enterprise zones. Advice from accountants is essential, even if the polls make you particularly keen to shelter from tax now.

Comparisons of the trusts are available from Investment and Tax Publishing Services (0234-218740) and the Allenbridge Group (071-409-1111).

John Authers

FINANCE AND THE FAMILY

Jumping on the bond bandwagon

***John Authers** discusses international bonds for short-term investment*

THIS TIME last year, the unit trust industry was piling into a previously under-exploited sector: international bonds. Unit trusts have always been regarded in Britain as primarily an equity vehicle; but at the beginning of 1991 a series of the bluest-chip names in the industry, including Mercury, Baring, Fidelity and Newton, launched bond funds.

The argument was simple. The world was near the trough of a recession, and a recession traditionally is the best time to buy bonds. Yields are high, offering good income initially. Then, as interest rates come down, investors need a lower yield to tempt them into bonds. As yields go down, so the price of bonds must rise, offering the prospect of strong short-term gains.

International bonds were favoured because British base rates were falling already. Meanwhile, European interest rates were ready to fall, while currency risks had been lessened by entry into the Exchange Rate Mechanism (ERM). Also, international bond funds have a more favourable tax position than gilt funds. So investors could look forward to a quick, tax-efficient gain.

Has it happened? Not really. Over the past year, the average fund in the sector has grown 9.3 per cent; nothing spectacular, although this does put the sector slightly ahead of international growth equity funds, which have put on 7.2 per cent.

Of the brave new bond funds from last year, Mercury's Global Bond unit trust, now worth an enormous £145.6m, is ninth in the sector, having grown 9.9 per cent. Baring's fund is up 9.4 per cent, Fidelity's 10.5 per cent (seventh in the sector) but Newton's only 3.3 per cent (last of the 22 funds with a year's record).

The reason, of course, is that the recession has not ended on cue. The pattern is not uniform across the world, but there are still several economies which have yet to see significant cuts in interest rates. As a result, some of the most attractive bond markets of a year ago – particularly France – still seem poised to produce comfortable gains.

Peter Oppenheimer, chief international economic strategist at Hambros, sees the world's economies as having reached different points in the recession. He says: "The axis is still split between those countries which are close to some kind of moderate recovery in growth, and others which are still waiting for cuts in interest rates."

Most of the former are "Anglo-Saxon" economies – the US, Canada, Australia and, to some extent, the UK – and there is little hope of exciting growth in their bond markets. But Oppenheimer foresees strong prospects for bond prices in the rest of the world, particularly Japan and continental Europe.

He says the interest rate reductions which had been forecast for Europe have been tempered by the ERM and, more recently, by a troubled wage negotiation round in Germany. Economic troubles there have helped to keep other European economies offering rather better rates than they would do otherwise; in particular, Oppenheimer notes that France, which has a low inflation rate, is offering real bond yields (above inflation) of 7 per cent. French bonds, therefore, seem overdue for a strong rally.

He adds that when the Bundesbank does cut base rates, it usually does so quickly and substantially. In each of the last two recessions, it cut four percentage points off base rates in 12 months.

Oppenheimer's analysis is shared by many fund managers. Ian Ainscow of Commercial Union – whose PPT Global Bond fund, aimed primarily at umbrella funds, leads the sector over three years – says the fund is as underweight as it can be in dollar bonds. It aims to beat the Salomon Brothers' World Bond index, 50 per cent of which is in dollar bonds, so this still requires a heavy amount of US stock.

CU has twice the index weighting in France and is also heavily overweight in Spain. And it has a heavy allocation of yen bonds, anticipating that the Japanese economy is moving into a severe slow-down.

Mercury, however, believes that US bonds should continue to make progress providing fiscal measures are not considered to be "unduly aggressive." But its distribution at the beginning of the year included 33.9 per cent in France, 11.5 per cent in Spain and 14.4 per cent in Japan.

So, the chance of a strong gain in the short term is still there. Whether you should look at bonds as a capital growth investment for the long term is another matter altogether.

Over the past 10 years, the four funds which have been going this long have managed average growth of 165.6 per cent, according to Micropal. International growth equity funds grew 256.7 per cent over the same period, and UK growth funds 321.4 per cent. Traditionally, bonds have been prey to the ravages of inflation although this may change in the 1990s, in the view of some commentators.

The five-year figures, which reflect the full impact of the October 1987 crash on equities, show that while the sector has moderate attractions for the risk-averse investor, they should not be overstated. Although the average international bond trust beat a UK growth trust, the return for investors since March 1987 was just 18.8 per cent (a compound rate of only 3.5 per cent per year).

The following view from Fidelity, therefore, seems to make sense: "An international bond exposure could be recommended for investors who expect interest rates to continue falling but who are not confident enough to put their money into equities yet."

Do not, however, expose yourself to international bonds without examining conventional and index-linked gilts first. They are better for the security-conscious investor.

Best International Fixed Interest Trusts over 1 year

	%gain
Norwich Int Bond	15.6
Whittingdale US Shrt	14.6
CU Worldwide Bond	14.2
CU PPT Global	13.2
Invesco Int Bond	12.5

Source: Micropal. Offer to bid with income reinvested over year to March 2.

Best International Fixed Interest Trusts over 3 years

	% gain
CU PPT Global	35.5
Abbey W'ldwide	29.7
S&P Internat	22.3
Whittingdale US Shrt	22.1
Beckman Int	21.7

Source: Micropal. Offer-to-bid with income reinvested over 3 years to March 2.

The small investor and the big takeover

IF THE terms are good, many investors are apt to see takeovers of "their" companies as money for jam. But perhaps they should think again.

In April 1986, I bought the shares of a small company called WSL Holdings. Formerly Wolverhampton Steam Laundries, it had been reincarnated not long before by putting together two companies running school tours abroad, educational cruising and skiing. A teacher, I recall, could get a free trip by taking charge of a certain number of children.

WSL, said *Investors Chronicle*, was "the dominant firm in an attractive niche market." There could be additions but there was "no intention of moving into the mainstream travel business."

Unfortunately, I was not the only person struck by WSL's possibilities. A year later, the Granada group made a successful takeover bid, mainly in shares. There was an immediate profit. But the "attractive niche" had vanished into a labyrinth winding through TV production, bingo halls, property, video rental and so on.

Instead of a single-minded company with an intelligible design, I had acquired a vast, complex undertaking which was difficult to follow and where the "swings and roundabouts" principle seemed likely to apply.

It is surprising how often this happens. Carried away by the immediate profit, the small investor might fail to notice how far his intentions are being subverted.

In the spring of 1987, for instance, shareholders of British Car Auctions had every reason to congratulate themselves upon their shrewdness. Second-hand sales were rising and the company had transplanted its simple formula successfully across the Atlantic. It had no debt in England.

At this point, however, Michael Ashcroft's Hawley Group, which already had a holding in BCA, made an all-share bid for the group. The stated aim was to add another service leg to Hawley's contract cleaning, while providing capital for BCA's US expansion.

Again, there was a satisfactory profit on the deal. That might have caused shareholders to overlook the fact that AGMs would henceforth be held in Hamilton, Bermuda, where the company was registered.

A few months later, Hawley took over a large electronic security group, American District Telegraph, and followed by changing its company name to ADT. At a presentation meeting for British shareholders, Ashcroft assured those puzzled by this change that while ADT might mean little in England, the initials had long been famous in the US.

Using a film and diagrams, he re-assured shareholders further that ADT was bound for steady, sober growth thanks to the relatively recession-proof supports of car auctions and electronic security.

This, however, was some time before the company embarked on a course of investing its funds in a diversity of service enterprises such as BAA, LEP Group and Christie's – in the latter case, just as the bottom was falling out of the once-fabulous art auction market. BCA's former shareholders have watched ADT's shares slide from over £12 to a low of £2.80 over the past 14 months.

It is not only in the service industries that investors may find their portfolios transformed willy-nilly. How many holders of John Brown, which had transcended its great Clydeside ship-building past successfully, can have dreamed they would find themselves sharing the conglomerate roof of Trafalgar House?

Did the holders of Northern Engineering Industries realise they would vanish into the maw of Rolls-Royce just when long awaited power-station contracts were on the horizon?

Even without takeovers, though, investors may find the shape of their portfolios changed almost out of recognition by new chairmen.

Take Grand Metropolitan. Some shareholders no doubt invested in it as the hotel company its name suggests. They will recall how rapturously the acquisition of Intercontinental Hotels was greeted – "a leading hotel in every city of the world."

Yet, seven years later, they were being cleared out like old rubbish as (in the words of the annual report) the new chairman, Sir Allen Sheppard, carried out "a complete realignment of the business portfolio."

The small investor should perhaps take note of the word "portfolio." In this case, he has benefited from the transformation of GrandMet into an international food and drinks company based on hamburgers and a galaxy of brand names. But such forced changes of focus are by no means always successful.

Ask the shareholders of Barker and Dobson, who thought they had put their money in boiled sweets and jujubes – handed out in sacks at the agm – but, after the advent of John Fletcher as chairman, found themselves, to their cost, the owners of an extensive chain of supermarkets.

Harry Hopkins

Why Lautro needs you

IF YOU are one of the tens of thousands of investors who bought a single-premium with-profits bond within the past two years, read this.

Lautro, the self regulatory body for the life insurance industry, wants to know what you thought you were buying when you signed on the dotted line. After reviewing the advertising literature of six of the largest purveyors of this product – by far the most widely sold insurance product in 1991 – they think you may have been misled. If you were, the product provider will be required to explain matters fully to you in writing and if you are dissatisfied, you may be eligible for a full refund.

While exact figures are hard to come by, the industry estimates that some £3bn of these policies are outstanding.

Last week, Lautro sent a letter to all life companies with details it feels may have been misrepresented to consumers in the sales pitch. It has asked for copies of "sales scripts" – the verbal assurances that were made to you about the product – as well as sales literature.

In particular, Lautro is concerned that consumers signed up for the policy believing that it was simply a higher yielding form of building society deposit account, that the current high bonus rates were likely to continue and that withdrawals could be made without loss of principal.

Also, Lautro believes the advertising too easily dismisses the ability of the insurance company to cut your bonus. The possibility of a bonus cut appears in the literature as the Market Value Adjustment Rate. What's that? "And well you may ask," said a Lautro official. The literature fails to tell you that a bonus based on strong equity performance in a preceding year, may be cut significantly if, for instance, future returns look likely to fall.

"The MVAF has been quite sparingly used in the life insurance industry," said Melvin Lay, valuations actuary at Norwich Union, which pioneered the with-profits bond beginning in 1989.

Furthermore, with-profits bonds have been paying bonuses at an average 8.5 per cent after-tax yield, making them look like very attractive alternatives for those who keep long-term savings in building society accounts.

However, Lay says, the type of bonuses being offered by with-profits bonds can only be achieved through equity investments.

Norwich Union has largely withdrawn from the market because of the effect the cost of paying bonuses was having on its regulatory reserves.

The largest purveyor of with-profits bonds says it believes its literature is not misleading. Tony Kempster, managing director at Prudential Holborn, said the company has sold more than 20,000 policies and made only two refunds to individuals.

Norma Cohen

BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Co-Operative Bank	Pathfinder	0800 616162	Instant	£1	10.00%	Mly
Northern Rock BS	Postal Acc	091 285 7191	Instant	£2,000	11.00%	Yly
				£20,000	11.50%	Yly
Leeds & Holbeck BS	Albion Postal Acc	0532 438292	Instant	£50,000	11.60%	Yly
Allied Trust Bank	2 Mth Notice Acc	071 626 0879	2 Month	£2,001	11.46%	Yly
Birmingham Midshires BS	First Class	0902 710710	90 Day	£100,000	11.70%	Yly
Chelsea BS	Premier Acc 2nd	0800 272505	31.1.94	£10,000	12.0%*	Yly
Nationwide BS	Capital Bond	0793 694465	2 Year	£10,000	12.30%	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000	12.50%	Yly
Stroud & Swindon BS		0453 757011	5 Year	£100	12.50%	Yly
Exeter Bank		0392 60636	5 Year	£250	12.00%	Qly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 580411	Instant	£1,000	9.90%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	10.00%	Yly
				£25,000	10.50%	Yly
Portman BS	Prestige Cheque	0800 373176	Instant	£50,000	11.25%	Yly
OFFSHORE ACCOUNTS (Gross)						
Portman Channel Islands	Channel Isls Acc	0481 822747	Instant	£500	10.20%	Yly
Co-operative	Investment 90	0481 710527	90 Day	£50,000	10.75%	½Yly
Yorkshire BS Guernsey	Key Extra	0481 710696	180 Day	£25,000	10.85%	Yly
				£50,000	11.35%	Yly
C&G Channel Islands Ltd	Guernsey Bond	0481 715422	1 Year	£10,000	10.85%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0800 521546	1 Year	£25,000	9.00%	Yly
Liberty Life FN		081 440 8210	2 Year	£25,000	9.00%	Yly
Prosperity Life		0800 521546	3 Year	£25,000	9.05%	Yly
Liberty Life FN		081 440 8210	4 Year	£25,000	9.10%	Yly
Aetna FN		0800 010575	5 Year	£50,000	9.05%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	Income Bonds		3 Month	£2,000	10.25%	Mly
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

* Rate on Chelsea account fixed till July 1. This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross.
Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond.
Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walshams House, Stalham, Norwich. Readers can obtain a complimentary copy by phoning 0692 682506

Regulators may merge

PRIVATE individuals could have a regulatory body devoted to their investment business from April next year.

The new body would bring together jobs done by various regulators at the moment, in particular Lautro (which oversees the marketing of life assurance and unit trusts) and Fimbra (which is responsible for a motley array of financial advisers, investment managers and insurance brokers).

The reason for the change: many independent advisers have been driven to become sales agents of life assurance companies. Sir Kenneth Clucas, who had been asked by the Securities and Investment Board, the chief investment regulator, to study the problem, warned this week that the body could get locked into a "vicious spiral". As members leave, the costs of regulation rise for those that remain, forcing more members to leave.

Fimbra members are mostly paid by commissions, and cannot pass the costs of regulation to their customers, said Sir Kenneth. He concluded: "The demise of Fimbra would be bound to threaten the continued availability of a wide choice of financial advice."

His recommendation is one watchdog to oversee both sales agents and independents, thus sharing the costs of regulation. To this new super-regulator could be added some of the investment managers currently overseen by another body (Imro), together with insurance brokers who answer to the Insurance Brokers Registration Council. The SIB broadly welcomed these ideas and has set about creating a formation committee to bring the new body into existence, so it has a fair chance of happening (though without the support of a large proportion of life companies, it may never get off the ground).

The result may not be a renaissance in independent advice. The SIB is pondering proposals on how commissions paid by life companies are disclosed, and the complete separation of independent advisers and sales agents. These, say independents, still leave them at a disadvantage.

Richard Waters

Safer cheques

THE CHEQUES ACT, a private member's bill sponsored by Conal Gregory MP, became law on Monday.

It means that writing "account payee only" on cheques makes it impossible to divert them to a third party.

Cheques crossed in this way are now non-transferable and can only be paid into the account of a named payee. If funds are wrongly paid out, the error lies with the collecting bank. The original signatory and beneficiary of the cheque are both protected.

Though the Act is now law, it will take three months before its commencement orders are issued and it begins to function.

Several of the high street banks, including Barclays and Lloyds, say they are considering issuing personal customers with cheques marked "account payee only."

Customers who want to issue transferable cheques – mostly small traders in a few traditional markets – would be able to request old-style cheques.

For the rest of us, the account would offer greater security from having payment diverted by a fraudster, though there may be complications in cases when a cheque issuer gets a payee's name slightly wrong.

But watch out. The change does not apply to another expression commonly written on cheques; "not-negotiable". Not-negotiable is not another way of saying that a cheque cannot be transferred. What it means is that if the cheque is transferred, the new payee has no better claim over the payment than the original payee – for instance if the cheque is stopped.

David Barchard

Mixed crops: Kieron and Anne McGrath with their personal computer and few of their 22 pigs

When computers help to bring home the bacon

***Nick Garnett** on a couple whose rural idyll is funded by two very distinct businesses*

AN ODD message echoes out from the answer phone at the McGrath's home in the hamlet of Runnington.

"This is Somerset Computer Services and Dancing Pig printing and design at the Bell and Birdtable," it says. "Whether it's computer services, printing or meat and vegetables from the smallholding you are interested in, please leave your telephone number."

It is the dream of many to flee The Smoke and set up shop in a rural idyll as far as is practically possible from the grind of big city life. Kieron and Anne McGrath have done just that. They escaped London in 1981 and bought a small house and a three acre plot in Somerset. Eight years later, when Kieron no longer wanted to be away from home as a navigation technician for a US oceanographic company, they added a computer service and desk top publishing business in nearby Taunton to the smallholding.

The couple love living in the heart of the West Country and being their own bosses. But it is not all milk and honey. "There's a lot of hard work and a lot of stress," says Kieron. It is not wildly profitable either." Last year the computer and design business had a turnover of £30,000 and Kieron took a salary of just £7,000. The previous year, turnover was £16,000 and Kieron extracted nothing.

Anne, a former buyer for Liberty's, readily concedes that making a living out of a three-acre patch of turf is a pipe dream. "If you can provide cheap food for yourselves and enjoy working on the smallholding, then any profit is a bonus."

With pigs, sheep, ducks and hens, vegetables of the slightly more unusual variety and flowers for commercial sale, the Bell & Birdtable smallholding sold £6,000 worth of produce last year on which it made a £1,000 profit. It does mean that shopping will not break the bank. "Our weekly food bill is about £10 to £15," Anne says. What glues the couple's finances together is Anne's yearly income of £6,000 from a trust fund.

Kieron bought an Amstrad computer for his own use in 1987 and found himself drawn into helping friends wrestling with computer systems in their small businesses. He had no experience of desk-top publishing but a chance meeting with a graphics designer living across the field in Runnington started the ball rolling and the two of them started working together at the end of 1990. Since then he has bought a Quadram by Trader Desk with a 40 megabyte memory and an even faster machine, a Dan Technology with 210 megabyte hard disc for £1,800. With a scanning device which can read a hand drawing and transpose it onto a computer screen, Kieron says this gives him an adequate desk-top publishing system.

Kieron is determined to keep the business in his own hands but the economics do not work in his favour and he knows it. The two graphic artists he employs charge £15 an hour. For many clients, Kieron adds a surcharge of just £2.50 for the company's hourly rate. "We have to be very careful how much we charge. Companies down here are unhappy paying more than £20 an hour. A few might go up to £25. You have to work hard encouraging people to spend."

Customers for the design business which uses the trade name Dancing Pig, and counts for two-thirds of turnover, include the Rural Development Commission, a Devon springwater supplier, a willow furniture maker in Bridgwater and a local independent school. Contracts range from a leaflet or prospectus to helping shift a "corporate image", if that is not too grand a term for tiny companies fretting about a naff logo or duff brochure.

Kieron is also worried about competition. "There isn't much around here at the moment but the cost of entry into this business is coming down and down. I think we'll have to start offering some form of marketing service."

For the time being, the little company has to cope with more mundane problems. Forced to leave its premises – one office and use of the boiler room in a local authority assisted block (rent £35 per week) – it is moving to another subsidised location ten miles away. It is also making its first foray into advertising, spending £400 for one year in Yellow Pages.

Meanwhile, back at the ranch, Anne explains what she has to do to make even a small profit. "You must start vegetables off in optimum conditions and you must offer customers something a bit different."

For the first half of the plan, vegetables and flowering plants at the Bell & Birdtable spend the early part of their lives in a "propagating" environment – alias a former bedroom. Growlights consume a miserly 2.5p of electricity a day and the heater sips a gallon of paraffin a week.

For the second part, Anne cultivates somewhat unusual vegetables such as eight varieties of lettuce, purple and yellow beans, squashes and peppers. It is pork though that is the biggest seller, the small-holding is home to 22 squealers.

"With commercial producers, pigs are usually killed at about 15 weeks, kept in small pens, fed to put on weight quickly and producing soft meat with no muscle," Anne says. "Thin skin makes for weak crackling. I keep my pigs outside all the time to the age of six and a half months and feed them on barley and soya mix with no animal protein. Many pigs are also fed whey but I don't feed them any milk products."

Anne sells her produce at the door and to local restaurants and pubs. "Selling to shops is a dead loss because of the margins." She has four freezers, each bought for just over £200 and sells half pigs at £1.50 a pound, smaller leg portions going for £2.60 a pound.

Although decamping into the countryside has not proved lucrative so far, "it is a wonderful place to live though," Kieron says.

■ *The Bell & Birdtable, Runnington, Wellington, Somerset TA21 OQW. Tel 0823 663080.*

Directors' Transactions

High volume

THE stock market's cautious reaction to the Budget and the general election announcement elicited the expected response from directors: the volume of selling increased. Such a reaction may be due to concern about the possibility of higher tax on capital gains under a Labour administration, although that was not mentioned in John Smith's alternative Budget.

Trevor Hemmings, the director in charge of the leisure division at Scottish & Newcastle, has made sales totalling 3.6m shares. Scottish & Newcastle shares have climbed steadily from around 300p in mid 1990.

If further evidence of directors locking in substantial capital gains was required, it was provided by Domestic & General, the insurance company. *Martin Copley, the chairman* and Howard James, the managing director, sold 1m and 100,000 shares respectively at 950p, in both cases reducing their holdings by around 40 per cent. Shares in Domestic & General have risen almost fourfold since the beginning of 1990.

We recorded unusually large purchases in BTR just after the announcement of final results. Alan Jackson, the Australian chief executive, bought 100,000 shares at 386.5p while Kathleen O'Donovan, the finance director bought 2,000 shares at the same price. Jackson also chose to exercise an option to buy a further 15,000 shares which he has retained.

Angus MacDonald, Directus Ltd

Key to sectors: Brew = Brewers & Distillers; BuSe = Business Services; Chem = Chemicals; C&C = Contracting & Construction; Elns = Electronics; EngG = Engineering General; FdRe = Food Retailing; InsB = Insurance Brokers; InsC = Insurance Composite; InTr = Investment Trusts; *Med = Media; Misc = Miscella*neous; n/a = not applicable; OthF = Other Financial; OthI = Other Industrial Materials; Prop = Property; Stor = Stores; Tele = Telephone Networks; Text = Textiles.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Allied Textile	Text	5,000	21	1
Berry Birch & Noble	InsB	35,000	32	1
British Vita	*Chem*	135,291	332	1*
Cable & Wireless	Tele	5,753	35	1
Cater Allen	OthF	5,037	17	2
Concentric	EngG	7,500	21	1*
Domestic & General	InsC	1,100,000	10,450	2
Edmond Holdings	C&C	100,000	37	1*
Electrocomponents	Elns	31,125	85	1*
Fairway (London)	Misc	22,350	14	1
Greggs	FdRe	14,500	57	2
Henderson Admin	OthF	76,000	511	4*
Marks & Spencer	Stor	36,018	114	1*
Mercury Asset Man	OthF	75,000	273	1*
More O'Ferrall	Med	135,426	328	2
Plysu	Chem	25,000	65	1
Property Sec Inv	Prop	350,000	850	1
Sainsbury (J)	FdRe	42,319	165	1*
Scot & Newcastle	Brew	3,600,000	16,225	1
Securiguard	BuSe	38,638	56	2
Slingsby (HC)	n/a	9,000	13	1
PURCHASES				
Aberforth SmCo (Wa)	InTr	50,000	27	1
BAT Industries	Misc	3,166	21	2
BTR	OthI	102,000	394	2
Grand Metropolitan	Brew	4,956	45	2
Gt Portland Estates	Prop	100,250	157	2
PFG Hodgson Kenyon	Misc	36,000	15	1
Radius	Elns	400,000	112	1
RIT Cap'l Partners	InTr	50,000	46	1
Sherriff Holdings	C&C	45,000	25	2
St Modwen Props	Prop	80,000	13	1
TGI Group	Elns	94,000	38	3
Wates City of London	Prop	50,000	33	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 9-13 March 1992.
Source: Directus Ltd, Edinburgh

Trouble in the pipeline

MY NEIGHBOUR has renewed his entire water system, inserting pipework into the party wall between us; I was never consulted, nor did I give any approval for work affecting the party wall. We live in a 1950s terrace in London, and the walls between the houses are two courses of brick, without a cavity. Water noises now reverberate in the wall, so that anyone in the adjacent rooms is disturbed when water is used next door.

I have approached the neighbour who is unhelpful. What rights do I have and what can I do to end this imposition?

As your house appears to be in the area of the old London County Council you have the protection of the provisions of the London Building Acts (Amendment) Act 1939. Part VI of that Act requires certain notices to be served on an adjoining owner before any work is done to a party wall, to enable a Party Wall Award to be made. This evidently was not done. You should consult a solicitor as soon with a view to taking steps to restrain what is probably a trespass and certainly a nuisance. There may also be sufficient nuisance from noise to enable you to enlist the local authority's Environmental Health Department who can serve a notice requiring abatement of a statutory nuisance under section 80 of the Environmental Protection Act 1990.

Carrying over capital gains

I HAVE made quite a lot of capital losses this year. When I have off-set my gains is it permissible to carry any remaining losses on for use in another year? If so for how many years?

■ Yes, until you die. Ask your tax office for the free introductory pamphlet on capital gains tax, CGT14. This tends to over-simplify the intricate and arbitrary rules, but it is quite good as a starting point. In particular, we have maintained that the rules laid down by Parliament for the deduction of past year's allowable losses are more generous than the rules laid down by the Board of Inland Revenue in the official instruction book for tax inspectors. This point has not yet been decided in the courts, unfortunately, because of the cost of fighting the Inland Revenue up to the House of Lords.

In the case of a Mrs Schofield, for example, who sold antiques which she had inherited before 1965, the question arose as to whether time-apportionment should be done before indexation (as most professional advisers and lawyers consider) or afterwards (as the Revenue instruction book says). Mrs Schofield won before a Special Commissioner, but lost in the High Court; she won in the Court of Appeal, but – even though the three judges in that Court were unanimous in dismissing the Revenue's arguments – the Board has insisted on taking the case to the House of Lords. One can scarcely be blamed for wondering sometimes whether the Board is incapable of accepting the idea that it is not infallible as an interpreter of the words approved by MPs in Acts of Parliament.

Interest on solicitors' fees

FUNDS from a deceased relative's estate are being withdrawn from the building society where my relative kept the funds by the firm of solicitors handling probate. The cheque is to be made payable in the name of the solicitor partnership. If that money is paid into the partnership's bank account does the interest accrue for the benefit of the legatees or does it "by custom and practice" accrue for the benefit of the solicitors?

The interest involved is quite substantial.

■ The interest will be accounted for as income of the estate, and does not accrue for the benefit of the solicitors.

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Tax relief on study

I AM taking a part time evening course at the local College of Further Education. The course is the BTEC National Certificate in Business and Finance. The fees this year are £180 and textbooks cost £40. I fund this myself. Is it possible to claim tax allowances for these expenditures from the Inland Revenue?

■ No; the tax relief for certain expenditure on vocational training (announced in last year's Budget) does not apply to payments made before the beginning of 1992-93.

Why quality still counts

***Lucia van der Post** on what makes the 90s house special*

IN THE field of interior design things have been stirring. As we move deeper into the 1990s all those totems of the eighties-style interior, the chintz, the flounces, the bibelots, the general air of *luxe*, are now seriously *demodé*. Nineties houses are airier, fresher, simpler. Quality, not quantity, is what really counts.

All this, of course, is hard on those who managed to scrape together enough to pay for the last lot of chintz just in time to learn that it was – hey-ho – out of favour. The good news, though, is that the currently fashionable interior, with its emphasis on simpler, fewer things of genuine quality, is not only likely to give more lasting aesthetic pleasure but also to be, in the end, cheaper on the pocket.

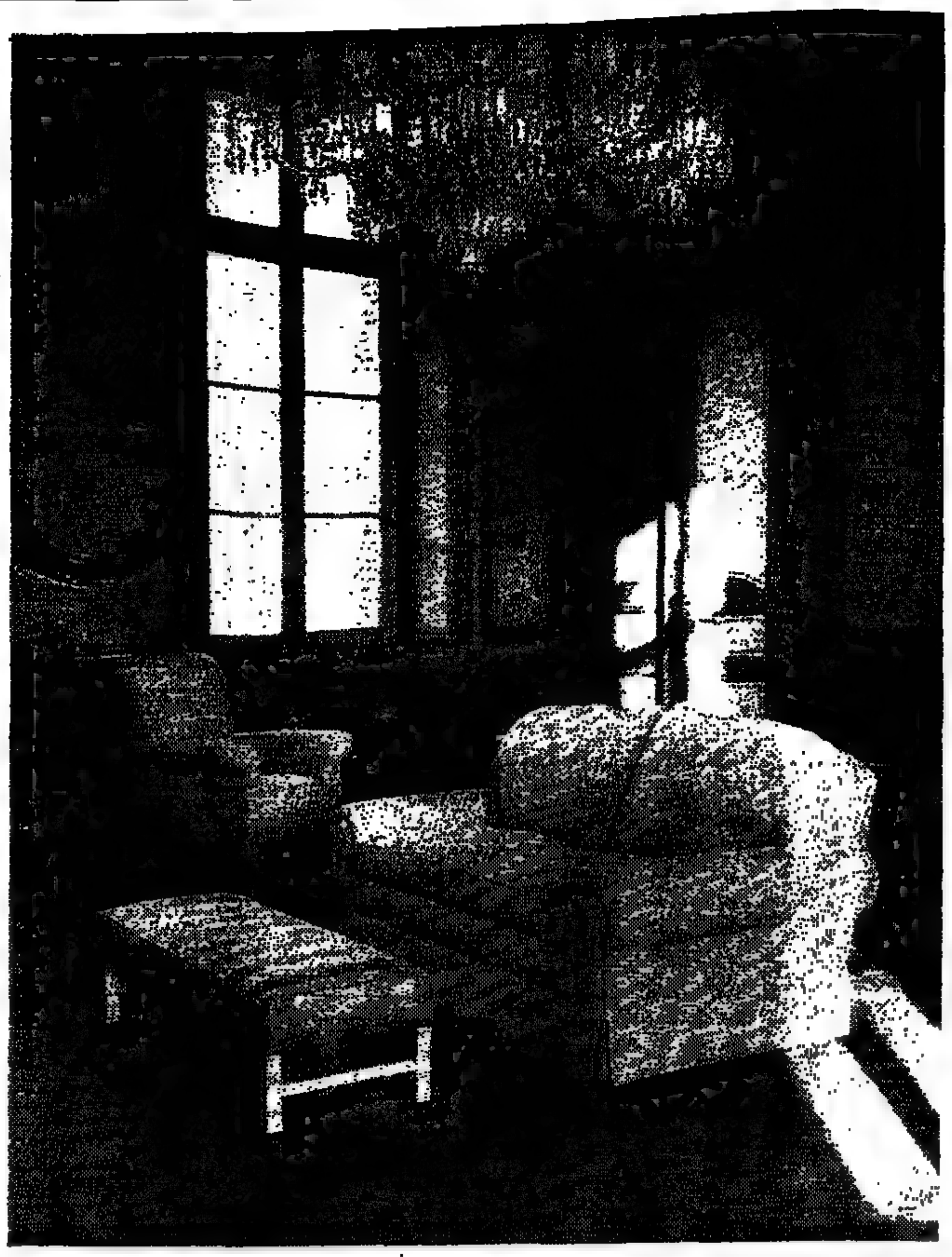
Do not, though, mistake simplicity for conformity. Simplicity, in decorland, has various moods. In its most urban, most sophisticated and most extreme form it leads to the bleakness of the minimalist interior, almost impossibly bereft of the sort of visual comforts that most of us have become accustomed to. No room there for the funny little vase your child made at pottery classes, the strange glass tree the lady-what-does produced at Christmas or the slightly naff ornaments that your in-laws are so fond of giving you.

Simple also means ethnic – not the old rough and ready ethnic of the macramé plant-holders and the crudely woven baskets, but the sort of sophisticated ethnic exemplified by Global Village's products and about which I wrote last October. Tables from Rajasthan, forged iron and antiqued rattan chairs from Asia, painted furniture from New Mexico.

Nearer home simple also comes in classical mood, all calm and light, softened by flowing fabrics and natural or gently painted woods. New England-style, too, with its dislike of ostentation, its emphasis on fresh cottons and solid wood, on wrought-iron and folk-art is right in tune with the current mood.

Most sensitive designers have already responded to the new feeling in the domestic interior – Tricia Guild of Designers' Guild, for instance, has just brought out a collection of sofas, chairs and ottomans which she shows almost entirely upholstered in plain stripes and ginghams. From a designer who originally made her name with a collection of some of the most ravishingly pretty florals ever seen outside a garden this speaks volumes.

Photographed here below are just some of the ingredients that go to make up the new 1990s-style interior.



Sofa so good

WHEREAS five years or so ago sofas came plumply stuffed and covered in flora of every shape and hue, these days they come classically proportioned and covered in creamy canvas or one of the crisp cotton ginghams reminiscent of New England interiors.

To coincide with Chelsea Design Week, Designers Guild has launched a collection of sofas, ottomans and chairs covered in fabrics from Tricia Guild's latest collection of striped and checked hand-loomed Indian cottons, which she calls Orissa.

There are some 35 different designs and an example of each is on show at the Designers Guild showroom at 271 and 277 King's Road, London SW3.

To go with the sofas is a selection of different stools, ottomans and boxes. Those photographed (right) illustrate the mood of the collection. The two-seater Canonbury sofa ranges from £1,280 to £1,540, depending on the fabric chosen, while the Montgomery chair in the background ranges from £695 – £770. The Brompton long stool starts at £335 and goes on up to £395.

Photographed left is Kingcome Sofas' version of the classical 19th century shape, the Howard. Kingcome have chosen to cover it in a creamy viscose material by Manuel Canovas.

At 6 ft long, 42 in deep, 36in high the Howard will need 15.5 metres of plain fabric to cover it and it sells for £1,580 (plus vat). See it at Kingcome Sofas showroom at 302 – 304 Fulham Road, London SW10.

Curves of iron

IN THE currently fashionable interior, wrought-iron is usually much in evidence. There is something about its malleability, its paradoxical combination of visual spareness and brute strength which seems to appeal to a new generation of designers. It lends itself to the curving lines the Gothic and classically-inspired pieces require.

Once almost solely confined to garden and conservatory these days it is marching into the most modish of interiors. From dining-chairs made from wrought-iron combined with rattan – for Global Village – to the sophisticated designs of Andre Dubrueil, wrought-iron is currently undergoing a surge of popularity.

Suzanne Ruggles has been studying wrought-iron's potential and developing ideas with a group of 10 different blacksmiths all over the country. The results can be seen and bought in her shop at 90 Fulham Road, London SW3.

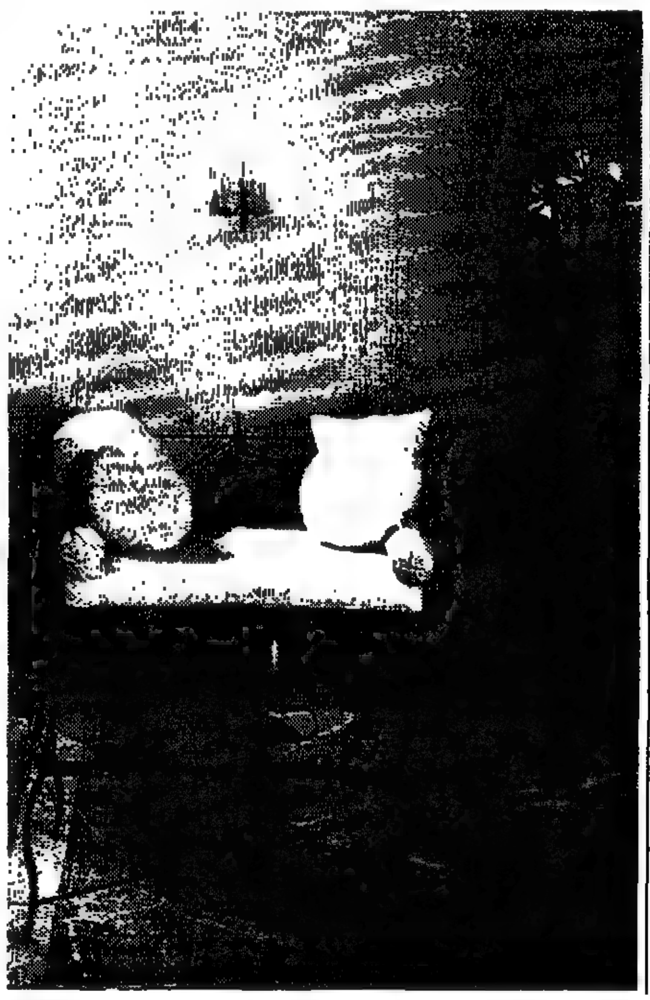
From her first range – a Gothic-inspired collection which included a two-seater-sofa, a coffee table, side table, armchair and stool, she moved on to other motifs, including a wheatsheaf settle, an oakleaf side table and armchair and to her latest range, the neo-classical designs photographed here, right.

Many of her pieces feature the now fashionable motifs of lyres, tassled ropes, cabriole legs and twisted stems.

The sofa sells for £950, while the armchair is £450 (both include the base cushion). The coffee table is £450 and the plant-stand £190. The tall candlesticks (£95) and the sconce (£55) are just two examples from a large collection of candlestands and candelabra, many with a distinctly ecclesiastical air and many inspired by medieval designs. There is a particularly fine plain curving chandelier (£324) while candlestands come in many sizes and designs.

Standing on the plant-stand is a vase made from hand-blown iridescent glass combined with metal which sells for £185, just one of the many hand-crafted pieces commissioned from other designers by Suzanne Ruggles.

Look out for the strange floral sculptures by Kristine Gad as well for work by Isabel Tennent and Caroline Le Cras who have been using traditional techniques such as gilding, verre eglomise, lacquering and painted finishes to produce a stunning series of frames and mirrors.



Spare rugs

PLUSH CARPETS and highly decorative floral motifs are not what the new pared-down 1990s interior requires – honeyed wood or flat-weave kelims, plain creamy woollen rugs or eco-sound seagrass matting is more the thing.

For a newer alternative it is also worth looking at a range of flat-woven pure wool floor coverings by Roger Oates Design Associates.

Launched just two years ago the collection has taken off in a big way in America and France where designers like Jacques Grange seized on it for its air of understated quality and its slightly spare aesthetic look.

If you like Shaker-style, then this is the floor-covering for you.

The floor-covering is woven like very heavy cloth fabric and comes in a range of two-tone herringbone weaves (which are most suitable for those who want a very plain, uniform look) or a series of strongly coloured stripes.

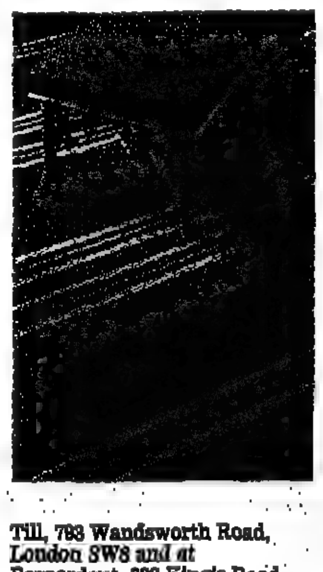
The flooring is ideally suited for runners or for being made into rugs or large carpets and it can also be used wall-to-wall.

Many customers think the striped versions are ideal for stairs but Roger Oates is keen to point out that, although visually they may look the perfect partnership, they are not hard wearing enough for the stairs.

For a plain effect look out for Venetian Hancock (it comes in lots of colour combinations including two greens, a navy and two reds but I like it best in the shades of biscuit) or the small random-textured stripe of Jaspé or Lewis.

The strong stripes are Albany, Vernon, Hampton (photographed here) and Charleston. Prices are about £60 a linear metre.

For a full-colour brochure, swatches and details of local stockists write (enclosing £1.50) to Roger Oates Design Associates, Church Lane, Ledbury, Herefordshire HR8 1DW. (Tel: 0531-2718).



In London the range can be seen and bought at Sinclair Till, 793 Wandsworth Road, London SW8 and at Bernardout, 328 King's Road, London SW3.

For a more striking modern look for the floor it is worth looking at the collection of limited edition – just 15 of each design – rugs commissioned by The Contemporary Textile Gallery at Vigo Galleries, 6 a Vigo Street, London W1X 1AH.

Many of our most distinguished textile designers, such as Sian Tucker and Helen Yardley, have produced rugs for the gallery.

Many designs are very strong and a room would need to be planned around them but some, like Suzie Pilgrim's pale Victor Pasmore-like abstract in cream, black and mustard could fit into many an existing modern interior.

Prices range from £395 for the smallest rugs, while £650 is the average price for rugs of 6 ft by 4ft.

The most expensive are just over £1,000. The gallery always holds a constantly changing selection – as one design sells out, more arrive.

Design tour de force

ANYONE interested in furnishing options might like to know about Chelsea Design Week which runs from tomorrow until Friday.

Some 20 companies in the interior design industry (all London-based and including Designers Guild, Nobilis-Fontan, John Cullen Lighting, Liberty, Colefax & Fowler) keep open house to visitors every day from 10 am to 5 pm (until 7.30 pm on Wednesday).

You can start your tour by signing up at any of the participating showrooms (tel: 071-233-5971 for details) and from then on a fleet of cars will whisk you from one port of call to another.

■ Harvey Nichols of Knightsbridge, London SW1 is bidding to become more than just a source of designer labels for ladies who lunch. It is now a serious contender in the home furnishing stakes.

This week it launched several more interior-design-linked concessions on its fourth floor. Last year I reported on the arrival of the Ralph Lauren home collection and the launch of the Mulberry At Home range – now there are 10 more concessions which greatly extend the choice on offer.

Global Village is there with its brand of sophisticated ethnic furniture and artefacts. Belinda Coote's tapestries and hand-painted furniture nestle besides Kenneth Turner's floral decorations. There are Persian carpets and kelims in the oriental carpet department, fine linens and layettes at The Monogrammed Linen shop, china and glass at Thomas Goode, decorative items for home and garden from Un Jardin ... *en plus*.

Wilson & Gough have a marvellous selection of one-off hand-crafted pieces for the home while Bougies la Francaise has candles, candles ... and more candles. Finally, there is Smythson, of Bond Street, for everything from diaries to invitation cards and headed writing paper.

Street Food

Small eats: China's delicious treats

***Ken Hom** samples the delights of Dim Sum and market stalls, and eats better in the alleys of Beijing than in the tourist restaurants*

ON MY travels in China, some of my favourite "commercial" foods (that is, not prepared at home) have been those served in snack shops, street food stalls, and roadside food carts.

Many Chinese I spoke with seemed to agree that the most satisfying foods outside their homes were found in places offering *xiao chi* = that is, "small eats," or snacks. The streets and alleyways of China's cities and villages are filled with mouth-watering aromas drifting from the many food vendors who line the streets and roadside. Many of the markets are filled with these vendors. Some shoppers eat their snacks while shopping, or simply buy them to supplement their meals, perhaps to keep the children quiet while a meal is being prepared.

Throughout China, soup noodles, prosaic but satisfying, constitute one of the most popular snacks. These are easy for the food vendor to prepare and there is never a lack of customers.

But there are many other popular snack dishes. One of the most cherished "small eats" throughout China is *jiaozi* dumplings, those wonderful boiled, fried or – less often – steamed pastries filled with meats, vegetables, garlic, scallions; each with regional touches and variations. I have eaten more of these dumplings – really a well-balanced light meal – than I care to count, and enjoyed them all. In a market in Hangzhou I have eaten thick noodles in rich soup; light, satiny rice noodle pastries in a street stall in Guangzhou; spicy noodles from a tiny food cart in Chengdu: all quickly and simply prepared, and delicious.

Cooking techniques range from stir-frying to steaming. Variations also exist in what I thought were purely southern-style Chinese foods. For example, I enjoyed a rice porridge with fresh corn, with a topping of chili sauce, at several market villages in Sichuan.

Wontons, dumplings wrapped in a thin noodle wrapping, are found in numerous regional forms. I have even had blanched noodles with wontons stuffed with minced pork in a hearty broth; and the famous "congee" rice porridge – so popular in southern China – on many street corners of China.

Perhaps this habitual and sustaining snacking started because for so many centuries officials and workers in the cities kept such long hours that restaurants stayed open and vendors hawked their goods until late at night, even until dawn.

Much of China's legacy of street foods and vendors remained intact until the People's Republic of China was established in 1949, when it was decreed that such private entrepreneurial initiatives were too "bourgeois," individualistic (running against the collective efforts of the time) or otherwise retrograde to be allowed to continue. Food stalls, vendors, hawkers and even most restaurants disappeared, their employees directed into other occupations or forced to migrate. The recent policy reforms of the last decade have allowed and even encouraged the re-emergence of these venerable institutions; already, many have recovered their previous levels of culinary skill and service, as I was lucky enough to experience.

In Western China, walking around the so-called "night markets," where delicious smoked pork treats are sold, open until the wee hours of the morning to serve night shift workers and hungry people in general, I could see that almost every identifiable part of the pig was available.

Ken Hom, the US-born chef, revisited China to taste the foods of his ancestors

Wine shops sold bowls of what is called "white wine" – a strong potion, actually more like a vodka, brewed from a type of millet. I watched with fascination as the local people strolled into the shops for a quick drink, while others entered with jars and bottles to have these filled for home consumption. It was evident that everyone appreciated the convenience of these night markets.

In Beijing, long famous for its "small eats," night markets and street stalls have sprouted like mushrooms since the government has allowed them back in business. I was struck by the carnival atmosphere of the street scenes, crowded with people sampling the assortments of local and regional favourites on offer to them.

It is said (and I concur) that one may eat better at the sidewalk food stalls in Beijing than at most of the fancy restaurants to which tourists are shunted.

Freshly-made pulled noodles are boiled and served, as are homemade *jiaozi* dumplings, Beijing sausage, Sichuan cold noodles, Tianjin turnovers, Lanzhou noodles, Wenzhou fishball soup and Xinjiang mutton barbecues. I sampled all of these at the Wangfujing street market in Beijing.

Far away from Beijing, in Chengdu, Sichuan, a different sort of "small eats" are consumed. A local Sichuanese friend took me to a place which specialises in typical Sichuan snacks such as Dan Dan Mian – spicy noodles tossed with chili and minced pork – which I consumed in two minutes amid the street traffic; "pearl balls," a sweet glutinous rice pastry; and the famous Chengdu Huntuns – dumplings known in the West as wontons, but tossed here in a marvellously spicy sauce with a good sprinkling of roasted ground Sichuan peppercorns.

I also sampled a light egg crêpe filled with meats, and steamed pork dumplings - all of these in the most appropriately named snack restaurant, *Lona Chao Shou* ("The Dragon's Eating Place"), home of fiery and assertive snacks.

Chinese street life: every type of regional food is available from the vendors who line the alleys and markets

The best and most famous of snacks hail from the south of China, in the Guangzhou (Canton) region. This is the home of dim sum (meaning "heart's delight" or "to touch the heart"). It has been carried round the world by Cantonese emigrants.

Guangzhou is also the home of the tea house, the ultimate in "small eating," specialising in snacks only – and in teas. The balmy subtropical climate of the region, with its long summery days and calm nights, creates an atmosphere of sociability in a situation of relative abundance: the Cantonese, with reason, believe that their cuisine is the best in China. They make the most of it as often as they can, and these shops are always busy.

Dim sum snacks are available from early morning until the late afternoon, with the busiest times in mid-morning and mid-afternoon.

Substantial breakfasts of fancy rice porridge with peanuts, meat, fish and sauces are served in this region. Noodle soups are to be had here, as elsewhere in China. But in this part of China meat is almost always included along with noodles, and dumplings in soups are common. The portions are as large as the equivalent of a light meal.

Foreign foods, especially Western-style baked breads, rolls, and pastries, have been added to the selections. In the Canton region, these so-called snacks are really more than that: they comprise a very substantial late breakfast or heavy lunch. Elsewhere in China, however, dim sum remains "small eats."

The number and variety of the Cantonese regional snacks defy description. In one tea house, more than 2,000 dim sum dishes are offered on a rotation basis. Such exquisite savoury dishes include steamed dumplings with minced pork and prawns; chicken soup with dumplings, steamed rice flour filled with assorted meats; deep-fried beancurd filled with pork and shrimp; steamed minced meat balls; and sliced beef liver with steamed shrimp dumpling.

The equally impressive menu of sweet dishes includes such items as crisp and sticky sweet cake topped with almonds, bean-filled cakes, sesame balls in sweet syrup, custard tarts, and sweet red bean paste soup. In northern China these types of snacks are known as *dian xin*, the name referring more to sweet dessert snacks than to the savoury ones in the south; a mandarin form of dim sum.

For much of China's culinary history, snacks and street foods have played a key role in Chinese social life. These places are, perhaps, akin to cafés and bars in the western world.

During the Cultural Revolution there were justified fears that this feature of Chinese life would be wiped out. But more prosperous times, combined with economic reforms, have restored some part of China's food culture.

And today, street food stalls and their unique brand of snacks continue their contribution to Chinese social life.

Fish for Lent

Luxurious penance

***Philippa Davenport** offers recipes to convert faint hearts to fish*

NOW THAT the British are eating less red meat, surely fish should fill the gap? This is a good time to test that theory, for Lent is the traditional season to forego meat.

I would not, however, risk serving a dish that is aggressively fishy to guests whose tastes I do not know. Fins, tail, scaly skin, gills, gaping mouth and lugubrious eyes gazing up from the plate can cause nervous diners to panic, and the presence of bones might make them choke.

Bowdlerised versions – fish dishes using fillets, purées and flakes – are better for winning converts to the pleasures of fish; witness the general popularity of fish pie, fish cakes and kedgeree. The only trouble with this trio is that its their associations with the nursery are strong. For a dinner party, you might prefer recipes with a little more panache. The two that follow are simple, but luxurious enough to guarantee no hint of Lenten penance.

SCALLOP QUENELLES
(serves 8)

Featherlight and creamy, these are the loveliest of all dumplings. Sauce Nantua is the classic accompaniment, and it works well using prawns if you cannot get hold of freshwater crayfish. Bearnaise sauce and *beurre blanc* are quicker to make and also excellent, particularly if a handful of shrimps is added just before serving.

Take care to measure quenelle ingredients carefully: the ratio of seafood to cream and egg white is crucial. Quenelles traditionally are served fresh from poaching, which is best, but cooks who like to avoid last-minute work at the stove will be heartened to hear that they can be cooked ahead and re-heated gently.

Ingredients. 1lb fresh scallops (this is the net weight needed after trimming away black intestinal threads and hard white muscles); 4 fl oz double cream; 4 egg whites; sprigs of fresh herbs (parsley, coriander, chervil, tarragon or dill) to garnish for serving.

Method. Wash the scallops and dry well. Whizz them in a food processor with the cream to make a very smooth purée. Scrape the mixture into a shallow dish and season generously with salt and pepper. Using a fork, blend in the raw, unwhisked egg whites carefully, a little at a time. Then chill the mixture, uncovered, for a few hours.

Choose a sauté pan or other pan with a large surface area (great depth is unnecessary). Fill it with water, salt it and bring to a bare simmer. The liquid should barely tremble or the quenelles may disintegrate as they cook.

Using a pair of dessert-spoons, scoop and mould the quenelle mixture lightly into plump, meringue-shaped ovals; about two dozen in all. Drop them into the pan in batches, spacing them well apart, and poach gently. They will take five-six minutes and should be flipped over with a perforated spoon at half-time.

Drain the quenelles on kitchen paper and lay them in a single layer in a shallow buttered dish. Keep warm while cooking the rest. Sauce them, garnish with little bouquets of herbs and serve quickly.

Alternatively, if preparing ahead, let the quenelles cool in the buttered dish. When cold, cover them with a dome of foil and refrigerate until needed – but remember to bring them back to room temperature before re-heating.

To reheat, bake (still covered with foil) at 375°F/190°C (gas mark 5) for 12-15 minutes – but no longer or the quenelles will lose their creamy lightness. Sauce, garnish and serve.

THAI MANGO SALAD WITH SALMON
(serves 6)

This comes from Sri Owen's *Exotic Feasts* (Kyle Cathie, £16.99), a charming and user-friendly book of east-meets-west cuisine.

Ingredients. For the mango salad: 2 medium-sized mangoes, peeled and cut into julienne strips; ½ teaspoon salt; 1 tablespoon lime or lemon juice; some mixed varieties of lettuce leaves; 12-14 coriander or mint leaves.

For the fish: 6 salmon fillets weighing 3-4 oz each; 2 tablespoons peanut or olive oil; 1 onion, sliced finely; 2 garlic cloves, crushed; 1 large red chilli, seeded and chopped finely; 2-inch piece of lemon grass, outer leaves discarded, chopped finely; 2-inch piece of fresh ginger, peeled and chopped finely; 2-3 kaffir lime leaves, shredded finely (optional); 2 tablespoons fish sauce (nam pla) or light soy sauce; 2 tablespoons white wine vinegar.

Method. Put the mango slices in a bowl and sprinkle with salt and lime or lemon juice. Use the mixed lettuce and coriander or mint leaves to line a serving dish.

Heat the oil in a large frying pan and fry all the chopped and sliced ingredients, stirring all the time, for two minutes. Add the fish sauce (or soy), vinegar and 4 fl oz hot water and simmer for another two minutes. Then add the fish to the pan and let everything simmer for three to four minutes, turning over the fish pieces once. Remove from the heat and leave to cool.

When the fish is cool, arrange the mango strips on top of the salad leaves and lay the fish on top of the mango. Then pour the cooking juices over the salad. Chill, but take the dish out of the fridge about 10 minutes before serving.

Weighed in the scales

***Giles MacDonogh** casts a line to catch some fishy British prejudices*

WITH Lent upon us, the whole question of fish is raised again.

Most people, it would seem, use the religious fast for reasons of vanity; hoping that 40 days of abstinence will shed pounds, or break an ugly habit such as smoking. (The only Roman Catholic I know who is serious about observing Lent is aware that she is not required to fast on Sundays or the one or two religious feast days scattered through the period.)

Since the first week of this year I have ordained a self-imposed regimen in an effort to break the monotony of a single man's diet of chops and steaks: I now eat only fish at home. Thus far, in 25 days of fish diet, I have consumed no fewer than 24 sorts of sea life.

My search for variety has been vindicated, but there are one or two limitations. Certain fish are impractical for the working man.

Squid takes too long to prepare; halibut, sea-bass or lobsters seem too self-indulgently expensive for a man by himself; certain fish, such as turbot, come in too big a chunk. At times one is reduced to the supermarket – fish trawled on the high seas, deep frozen and tasteless.

This is far from ideal, but plaice and cod, of the *pis-allers*, are decent standbys. (I should add, though, that it has been a long time since I was tempted by a farmed trout.)

To a far greater degree than meat-eating, fish-eating seems to be governed by a strong element of snobbery and fashion. Anxious to learn more about this, I went to see Nicky Herman. As owner of the noted fish restaurants Scotts, Overtons, Sheekeys and Drones, Nicky Herman is literally the biggest fish in London.

Nicky called John Bertram, his executive chef, to join us. Together, they buy all the fish for the group of restaurants. I asked both men why the British were so pathetic about eating fish, compared to their Continental cousins.

"English people don't like fish bones. They always ask you: 'Has it got bones in it?' Or they ask for their fish to be taken off the bone." In Scotts – a somewhat plutocratic establishment – Nicky doubted if 10 per cent of customers were prepared to eat a fish with small bones.

"Easy bones" form part of the attraction of halibut, sea-bass and turbot – trendy fish, with snob appeal. Americans, apparently, are not prepared to eat fish with the heads left on after cooking: the idea of being watched by the creature they are consuming is too intimidating.

This reminded me that I had cooked a John Dory only a few days before, and that I had been much amused by the doleful way in which the fish had seemed to watch me as I wolfed the flesh from its back. When I had finished my meal, only the lugubrious eye remained in place.

There is considerable snobbery directed against the cheaper range of fish – those monsters of the deep which French housewives seem to be able to transform into delicious meals at a moment's notice. Coley was regarded as fish for the cat – and whiting not much better.

Hake, which went through a period of trendiness in Paris a decade ago, was also viewed with apparent contempt. The only fish which had gone, as it were, up-market, seemed to be cod. Only a generation ago cod was perceived as a "below stairs" fish.

The British are still extraordinarily conservative about fish. Scotts had tried out very many French classic fish dishes without success: the sea-food platter did not sell; no one had ordered haddock; the omelette Arnold Bennett had been about as easy to sell as a plate of fresh herrings – that is to say, impossible.

Nicky and John took me next door to the kitchens, where a selection of that morning's purchases had been laid out.

Here were little red gurnards and big red sea-bream ("the Rolls Royce of fishes", according to Nicky). Here lay the hideous monkfish – looking at it, you can see why the Germans call it "the devil's fish". Here were sea-bream, hake and whiting; lemon and Dover soles; a Greek sea bass; a multi-coloured parrot fish; one of the season's first wild salmon and a pike.

It was interesting to try some of these, simply cooked, unassisted by sauce or seasoning: the dry, straw-textured parrot fish tasted against a delicate, milky sea-bass; a subtle flavoured red sea bream tasted in contrast with the bony pike. Served *à la meunière*, a pike's muddy river fish taste was less easy to detect.

The interview ended upstairs in Scotts. After some of the largest native oysters I have ever seen – Imperials, from Colchester – I tried some of the new dishes on the "modern side" of this traditional English fish restaurant: red mullet fillets served with a mix of olive oil, olives, tomatoes, garlic and basil; and a pretty dish of scallops with a finely chopped ratatouille.

It seemed as if a distinctly Mediterranean breeze had blown, ruffling the ranks of old colonels who had drifted in to pay homage to their Dover soles at the onset of Lent.

■ Information: Scotts Restaurant, 20 Mount Street, London W1. Tel: 071-629-5248. Open Mon to Sat 12 – 2.45pm (last orders) and 6pm – 10.45pm (last orders). Sun 7pm – 10pm.

Restaurant view/Nicholas Lander

Menus for creditors

WHY, IN THE middle of the recession, are so many new restaurants opening their doors?

What do such varied names as Christopher's, Snows on the Green, Les Saveurs, The Red River Café, Pied à Terre and L'Accento have in common? On the surface very little – except that they are all restaurants which have opened recently in London (along with a number of others) in what is considered to be the worst recession for many years.

Is this because restaurants defy the laws of economics and survive in spite of monthly drops in consumer confidence and spending? Sadly not. Most restaurateurs, even those in the first flush of enthusiasm, quietly admit that business could be much better.

But when these restaurants were planned business *was* a lot better. Even the smallest restaurants require a great deal of time to materialise, and in the 1980s raising the finance for a new restaurant was the easiest part of the package. Finding the site, getting provisional approval for the licence, tendering for builders and waiting for them to finish and the Environmental Health Officer to give approval can take 18 months and breach the overdraft limit.

As soon as you approach this limit, opening day becomes even more urgent. Because it is the most immediate answer to a new restaurant's cash problems it is often not the restaurateur who decides when to open, but the bank or other investors. This year, the high interest rates of the past 18 months will have forced many to open in the traditionally quiet first quarter rather than wait until spring.

Although these businesses are all restaurants they hide a wide variety of ambitions and financial backers. Snows on the Green is the first restaurant of a husband and wife team; Christopher's is a personal mission undertaken by its proprietor, Christopher Gilmour, and a few friends, to bring good US food to London. L'Accento is the type of good, very reasonably priced Italian trattoria every neighbourhood should have; Les Saveurs, the most lavish expression of French haute cuisine London has seen in a long time – but one that has been entirely funded by a Japanese millionaire. The Red River Café and Pied à Terre have risen on the sites of former, failed restaurants, of which there have been many in the last year.

The restaurants which are opening at the moment are, however, the last expression of the relatively easy borrowing requirements of the late 1980s. Banks are much less friendly to those eager to open their own restaurant. The consequences will be felt, if not this year, then in 1993.

The two chefs who in 1991 passed their industry's highest exams, and qualified as Meilleurs Ouvriers de Grand Bretagne, are not opening their own restaurants but, instead, are cooking in the more financially secure environment of a big hotel. Stephen Doherty is head chef at the Grand Hotel in Amsterdam, due to open in April, and Roget Narbett has just become senior sous-chef at the Dorchester in London. There are two big restaurants currently being planned for London – the rebirth of Quaglino's, and a new restaurant at the top of Harvey Nichols – but they will be the creation of either wealthy individuals or big corporations.

Restaurants used to be a relatively low-cost world to enter, particularly for a husband and wife. Rising rents and rates have increased the break-even point; customers' raised expectations have increased the capital required. Now, falling returns have frightened off potential investors, and for the moment the glamour has gone. Those who enjoy the thrill of a new restaurant should make the most of those which have opened so far this year.

MOTORING AND SPORT

Motoring/**Stuart Marshall**

Smart, sporty and it's an estate

SMART and luxurious estates have become an attractive alternative to executive saloons. None comes smarter than the BMW 5-Series Touring, which arrives in Britain next week.

BMW still cannot quite bring itself to call the Touring an estate car lest it detract from the marque's sporting image, *but that is exactly what it is.*

The tailgate lifts to reveal a carpeted space that takes a couple of golf bags and trollies with the rear seat in use, and something as awkward as a large rotary mower with the seat down.

As the sill is wide, low and – unlike the 3-Series Touring – unobstructed by rear light clusters, humping such things on board is not difficult. Four retractable tying-down points come in handy when carrying things likely to move around on their own.

It is not even necessary to raise the tailgate to get at the load space. If you only want to drop in, say, some shopping, the rear window hinges up on its own. Naturally, a sliding blind conceals from thieves what is put in the load compartment. *Removing the complete blind and* roller, or lowering the rear seat backs complete with headrests, is a one-handed job using touch buttons.

In every way it is an urbane and civilised car. Unless you turn round and take a look, you would not realise it was an estate, not a saloon. It feels rock-solid on rough roads. Regardless of engine speed, there is no body boom.

At present, two engines are offered: 2.0-*litre or 2.5-litre, 24-valve straight sixes* with power outputs of 150 and 192 horsepower respectively. These engines, introduced for BMW saloons 18 months ago, should return at least 28 mpg (10.1 l/100km) in normal use and give a gentle driver more than 30 mpg (9.4 l/100km) on a journey.

They are said to cut servicing costs by nearly a quarter compared with the old 12-valve units. Within a year, there will be 2.5-litre turbo-diesel option.

A five-speed manual gearbox is standard *with automatic transmission* (also five-speed) a desirable (if costly) £1,150 optional extra. BMW claims the two-pedal cars have much the same consumption as those with manual gears.

The 520i Touring I am now driving is everything you would expect a BMW to be. The engine pulls silkily in high gear at low revolutions, and hums sweetly at 5,000 rpm-plus in the gears.

As the Touring is significantly heavier *than the saloon, standing-start accelera*tion is adequate rather than kick-in-the-back. The 2.5-litre version is, of course, more urgent. But providing you are willing to drop down into fourth or third when necessary, the 2.0-litre car is a vigorous and refined performer on a cross-country journey.

Every 5-Series Touring comes with ABS brakes, power steering, central locking (with deadlocks on all doors), electric windows and door mirrors, and a two-section powered sun roof.

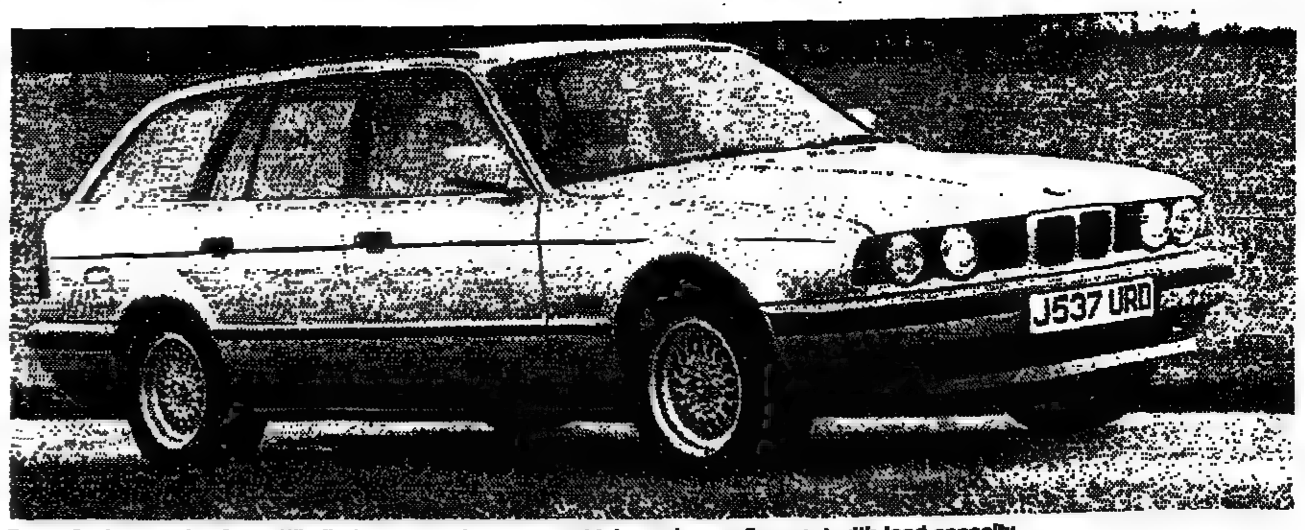
Buyers of the priciest 520i and 525i SE (for special equipment) models can delete the sun roof and, for only £350 extra, have air-conditioning instead. This sensible option is not available on the cheaper ones. I think it should be.

BMW GB reckons it will sell about 2,600 of the 5-Series Touring estates this year at prices ranging from £20,950 for a manual 520i to £28,100 for a 525i SE automatic. Four-wheel drive versions – the first BMW has made with right-hand steering – join the range in June.

They will have 2.5-litre *engines* and prices are expected to be in the £28,000 to £30,300 brackets.

What will the 5-Series Tourings be up against? Not just the market-leading Volvos and the Audi 100, Citroën XM and Mercedes 200-300 estates you might expect but also large hatchbacks (Granada/Scorpio, Rover 800 Vitesse and the new Renault Safrane, for example). It will compete on price rather than sheer carrying capacity; as a bulk carrier, a 5-Series Touring is no match for the really big estates.

BMW GB also sees the Touring seducing some owners out of their Range Rover, Shogun, Land Cruiser and Trooper recreational four-wheel drives. With its up-market looks, a BMW 5-Series Touring has Smith's Lawn and Badminton written all over it. And, with *all-wheel drive, it would* not need towing out of a muddy car park, either.



The 5-Series Touring is BMW's first proper estate car combining saloon refinement with load capacity

Tennis/**John Barrett**

Butch courts Miami and wins again

EVERYBODY loves a winner – which is why Butch Buchholz, Tournament Chairman of the $2.8m (£1.6m) Lipton *International* Players Championships at Key Biscayne, is the toast of South Florida. He has a success on his hands that has benefitted the entire greater Miami area and he is understandably proud of it.

It seems a lifetime ago that I sat on the Centre Court at Wimbledon on a sweltering afternoon in 1960 watching Butch as he writhed in agony with an ankle injury that *forced him to retire to Neale* Fraser, the eventual champion, after holding eight match points in their gruelling quarter-final match.

Butch recovered from that setback and *turned professional* the next year. When his playing days were over, he set about learning the business of tournament promotion before spending four years as the Executive Director of the Association of Tennis Professionals.

Today the jet black hair is streaked with grey, the 51-year-old figure is a little fuller, but there is the same determination in the friendly gaze. Determination is a quality that Butch has needed these past seven years. In February 1985 his brave venture to stage a two-*week tournament in partnership* with the ATP and the Women's International Tennis Association (WITA) began at the elegant but unfinished Laver Racket Club in Delray Beach.

That first Lipton, beset with financial problems and cursed with cold winds and rain, nevertheless attracted nearly 123,000 spectators as Tim Mayotte and Martina Navratilova became its champions.

The following year the tournament moved along the coast to Boca West and 193,000 attended the matches to see local heroine Chris Evert beat a young Steffi Graf and waited patiently while Ivan Lendl wore down Mats Wilander in a rain-interrupted match that took *two days. But more financial diffi*culties meant that the ill-starred event had to move again in 1987.

"That was a nightmare period," remembers Buchholz. I had to find a new site in no time flat and I went to Miami to talk to the officials at Dade County. They showed me three or four sites, none of which seemed right, and in exasperation said: 'Well, there's just one more – though you won't like it'.

"They drove me over the Rickenbacker Causeway towards Key Biscayne and as we swooped down off the bridge towards the island with its private atmosphere and semi-tropical vegetation I knew it was right. It had the special ambience *that made it different.* But when we arrived at the proposed site I could understand their reservations. It was a huge rubbish dump, old cars and refrigerators among the garbage, and we had to hold our noses as we looked it over."

The aroma that assails you today as you stroll through the avenue of maturing royal palms and orchid trees, bordered by flower beds bursting with gorgeous blooms of impatiens, bougainvillaea and hibiscus, is different. Wherever you turn in this tastefully tented site that caters to every gastronomic whim and purchasing impulse, there is the smell of success.

Not that the move to Miami and the full commitment of Dade *County to further development* ended the problems. Far from it, as Buchholz remembers. "In 1988 the ATP announced their breakaway from the Pro Council and, despite our long-term contract, they said I would have to reduce the tournament to 10 days and bid for the time slot like everyone else. That made Lipton nervous. They had invested in a two week event and told me that our 31-year agreement was at risk if we made the change."

The problems were solved and the tournament is now a 10-day event. It is a family business run by a strong team in which Butch's brother Cliff is the tournament director. His 22-year-old son Trey is the operations manager with an *annual budget of $2m. The event* has become a fixture in the tennis calendar and a popular venue for aficionados from all over the world.

"Amazingly, 46 per cent of our spectators come from outside the three counties of Dade, Palm Beach and Broward. Many come up from South America, combining their holiday and shopping expedition with a visit to the tournament."

Some 25 sponsors invest between $80,000 and $3m each year towards the $10m that it costs to stage the event. All of them are excited about the latest expansion plans which include a state-of-the-art stadium, seating 14,000 and costing $20.5m, which will be completed for next year's event, having overcome the inevitable local objections.

"It is being financed by Dade County," said Buchholz. "We will pay a minimum rent of $500,000 (a year) *against 10 per cent of the* gross over the next 30 years and I shall be surprised if we do not pay it back twice over."

"The really exciting thing is that in the first two days of opening the sales office we had sold over $1m of box seats."

The USTA has designated the site a Player Development Centre. Buchholz has added eight clay courts and will soon start to prepare the three grass courts that will sit comfortably alongside the 17 hard courts that the tournament needs. Like the people of Miami, the USTA knows it is backing a winner.

Rugby Union

Scenes from a season

John Hopkins looks back on the Five Nations Championship

CAMEOS from the Five Nations' championship of the 1991/92 season, which ends this afternoon:

Dublin, January 18. Wales surprisingly defeat Ireland, the World Cup quarter-finalists. The one-point margin – 16-15 – is flattering to the Irish. Welshmen are overjoyed and some former internationals, men who ought to know better, are heard to remark: "the Grand Slam next."

The foyer of the Berkeley Court hotel five minutes' walk from Lansdowne Road is crowded after the match. A Dublin student attending her first rugby international is anxious to obtain the autograph of Ieuan Evans, the Welsh captain. "How do you pronounce his christian name?" she asks. "The first syllable is 'yi' as in yipes" she is told. "Then you add the sound 'an' as in "and."

Ten minutes later she *returns, her cheeks flushed* with pleasure. "I met Ieuan" she says, pronouncing the name almost perfectly. "What a charmer. A complete gentleman."

The Irish players come down from their rooms and mingle graciously with their own supporters and the few Welshmen who have gained entry to the *hotel of the Irish team.* The Welsh are magnanimous in victory but the Irish, in case anyone is in any doubt, are magnificent in defeat.

After the post-match dinner Alan Davies, the coach of the Welsh team, is wandering happily around the foyer of the hotel savouring his first triumph in the championship. A reporter congratulates him on victory and remarks that he was lucky Tony Copsey, one of Wales's second-row forwards, had not been sent off. Copsey was twice warned by the referee. Davies smiles enigmatically and walks off.

Cardiff, February 1. The first home game in the championship for Wales is marked by an outpouring of Welsh clichés. The Cwmbach male voice choir brings some *hwyl* to the pre-match singing and song sheets are distributed throughout the stadium. Players and officials from both teams are presented to the Princess of Wales. Beverley Humphreys, an opera singer, leads the singing of the *national anthem.*

This chauvinism is part of a campaign by the Welsh Rugby Union to promote Welsh rugby. Other aspects of the campaign include naming the Welsh team the Dragons and redesigning the national shirt.

One change brought about by Davies is consistency in selection. This Welsh team is unchanged from the one that defeated Ireland. Wales show some fire and verve in the second half but are 12-0 down at that point. Three penalties by Wales in the second half are reminiscent of their revival from 6-15 behind in Dublin two weeks earlier. France win though, 12-9.

Dublin, February 15. Ireland, defeated by Wales and crushed by England, are facing Scotland and 3-9 behind at half-time. Their stand-off, Ralph Keyes, is booed by his own supporters for bad kicking. *Long before the final whistle* spectators are leaving their seats. Mick Doyle, the former coach who writes an acerbic column in the *Irish Independent*, was scathing after defeat by Wales. "Wales may be on their knees" he wrote "but we are on our arses." After this latest defeat, 18-10, he is apoplectic.

Dublin is awash with Scots in kilts celebrating victory. They seem impervious to the below-freezing temperature.

Twickenham, March 8. A dampness in the air does little to dampen the occasion and drinks, jokes and laughter mixing well in the west car park before the game. England are strong *favourites* to beat Wales and win a second grand slam in a row, the first time this has been done since the 1920s.

As Will Carling makes yet another magnificent burst past Neil Jenkins he reminds us that as an attacking full back he would be dynamite. The trouble is he is dynamite as a centre.

England's performance is their worst of the season but for Wales there is a word of praise from one of the gods. "There is fight back in this *side" observes Gareth* Edwards, the great scrum half. "There is backbone that was not there six months ago."

Cardiff, March 21. Davies's period of office expires after the game between Wales and Scotland this afternoon. He wants to remain as coach until after the World Cup in 1995 and cool heads support him. Hot heads want more success, however. Davies, they point out, has been one of the country's least successful coaches, having lost five and won two matches since he took over late last summer.

They are forgetting how bad Wales once were and how far the WRU have to go to reach the level of competence of the *RFU. Who will win in the* struggle in Welsh rugby, the Roundheads or Cavaliers, the cool heads or hot heads? We must wait until April 2 when the general committee of the WRU meets to find out.

Soccer/**Peter Berlin**

The Spanish spectacular

THE ONLY certainty for a soccer manager, it is often said, is that he will be fired sooner or later. In Spain, it is nearly always sooner. Last Saturday's *immensely entertaining match* between Barcelona and Atlético Madrid, second and third in the Spanish championship, gave some idea why.

Both teams are closing in on Real Madrid who have frittered away an eight point lead they built up early in the season under Raddy Antic. Antic was appointed manager last April when the club lay a humiliating eighth in the league. Even leading them to the top of the table brought Antic no job security. After two consecutive league defeats he was fired, on the grounds that his team was not providing the "spectacle" Real fans required.

The pressure to succeed takes its toll even on those who keep their jobs. The coaching career of Luis Aragones has been beset by psychological problems. He once locked himself in a hotel room for three days and in his brief reign at Barcelona he took to his bed for two days.

Even so, last summer he accepted a job offer from Atlético's Jesus Gil y Gil, the most itchy-fingered of Spain's trigger-happy club presidents, a man who had fired managers 11 times in his four years in charge of the club. Before the season started the club flew in a psychiatrist from Texas who said Aragones was suffering from "phobic anxiety".

By comparison Johan Cruyff, who succeeded Aragones at Barcelona, nearly four years ago enjoys such job security that the club has been nicknamed "Cruyff FC". But the stress and a 40-cigarette-a-day habit took their toll. Last year Cruyff collapsed as his team marched to the title and he had to have a coronary bypass.

The strange thing about Saturday evening's match was that neither team played as if managed by men who knew one bad result could cost them their jobs. They looked like the teams of coaches who trusted their players' ability and intelligence. This is not a mistake English managers make. They know that players get you the sack.

English managers have reacted to the increased pressure by trying to take control of every aspect of the game. The more systematic English managers dictate everything from the way their club's pitch is mown to how their players drink their half-time tea. They leave nothing to chance and nothing to players' initiative. The new breed drill their players so that every kick is part of a strict plan.

Barcelona, by contrast, looked like a team whose only pre-game instruction had been to "go out and play".

The Spanish sporting newspapers had been filled with discussions of the teams' likely tactics, complete with colour diagrams, accurately predicting Atlético's counter-attacking approach. The sort of coverage English fans rarely see, the Barcelona players appeared not to have read a word.

Eleven headless chickens would have reacted to Atlético's relentless pressure with more intelligence. Cruyff could only lament afterwards that his players had not listened to a word he had said. Perhaps their minds were on Wednesday's European Cup match against Dynamo Kiev which they won 3-0, they certainly were not on the game.

Barcelona fell repeatedly into Atlético swift ambushes: three or four players converging simultaneously on the ball-carrier. Barcelona failed to adjust to the pressure. Their passing collapsed and their ball control evaporated. Barcelona were, in the English parlance, playing too much football and even as it failed it was enjoyable to watch.

For anyone used to the highly-drilled defence of the English Football League the marking of both teams was lackadaisical. Throughout, Toni and Aguilera of Atlético were allowed time and space on the wings to put in dangerous crosses.

Schuster, a Barcelona old boy, dominated the game. He created *Atlético's* first goal with a chip through to Manolo. The week before, Zubizarreta, the Barcelona goalkeeper, had made the mistake which gave Real a *precious* draw. This time he hesitated and was lost and for the rest of the game was subject to merciless taunts from the home fans.

Manolo added a second ten minutes later and Atlético, with Schuster pulling the strings, threatened to run away with the game.

Where the Barcelona players never had a pass available, Schuster always seemed to have players open. Where the visitors dwelt on the ball, Schuster clipped accurate passes with his first touch. When the route to an unmarked player was blocked, Schuster would make the simple pass that was available, adjust his position and make the telling pass when he got the ball back.

Schuster lacks the athleticism of Lothar Matthäus who currently controls the midfield for the German national team. But where Matthäus often seems loathe to appear eye-catching or spectacular, Schuster has the manner of the classic midfield general. The ego which has soured his relations with successive German managers is the characteristic which makes him such a dominating figure on the field.

Schuster's self-confidence betrayed at the key moment. He passed under pressure unerringly over 30m and 40m, yet unmarked on the penalty spot after 54 minutes he ballooned the ball over the bar. The miss cost Atlético a win.

With less than 20 minutes left Barcelona managed their first serious shot on goal. Nadal, whose clumsy play suggested the Spaniards do *have a soft spot for donkeys,* enjoyed a moment of grace, turning and cracking a shot past Abel, the Atlético keeper.

Defending a 2-1 lead most *English coaches* would have ordered their teams to defend. But, Atlético kept surging forward, often leaving only three defenders to mark the most dangerous attacking trio in Spain.

Stoichkov, the best of that trio, got himself sent off for kicking an opponent. It was a rare moment of malice in a game largely free of the routine kicking and tripping which mar English soccer. But Atlético managed to top that with their own moment of idiocy.

Abel showily tried to control a back pass with his thigh rather than catch it with his hands. His knee got in the way and Bakero swooped to score, earning Barcelona an ill-deserved draw which pulled them level with Real, 1-0 losers at Logronées, and bringing a balmy *evening to a barmy* close.

The large crowd in Atlético's Vicente Calderón stadium had certainly been treated to a spectacle and they had enjoyed it hugely. Indeed, they had fully played their part in it.

Even though the Vicente Calderón is the second stadium in Madrid behind Real's Bernabeu, it still dwarfs every ground in the English football league. Along one side the enormous members' stand straddles a motorway. The other three sides are enclosed by a sweeping double-decker cantilevered structure. The capacity is 62,000, all seated.

Sadly, like so many English grounds, it also a slum. *Lumps* are missing from the concrete bench seats on the upper deck – a worrying sign since Gil, a property developer, was sent to jail when a restaurant he built collapsed killing 59 in 1969. Lights are missing on the stairs and the catering facilities consist of a few shabby refrigerators containing cans of Coca-Cola – at 200pta (£1.10) each – and beer which ran out at half time. No wonder the streets outside are filled with vendors selling food jostling for space alongside others selling badges and favours – many of them Nazi and fascist emblems. In spite of this the wannabe hooligans with their skinhead *haircuts*, English signs and Leed United flat caps were prefered posturing to fighting. In the stands, the fans of the two teams mingled without any tension.

Even though their team had thrown away a glorious victory the Atlético fans were buoyant after the game. They crammed the Metro cheerfully singing songs to their favourite side and, without apparent irony, chants about Zubizarreta's shortcomings: jumping up and down so the ancient carriages swayed alarmingly in rhythm. The folk heading into town for an evening out, looked on amused. In Spain everything to do with soccer is a spectacle.

Bernd Schuster tormented Barcelona, his former team

Plant of the Week

Helleborus orientalis

This is the hardy herbaceous plant which gardeners call *Lenten Rose*, though it has no connection with true roses. In its numerous varieties it can be in flower from January until May. In fact, Lenten Roses are hybrids between several species of hellebore, which have handsome, evergreen, broadly fingered leaves and cup-shaped flowers, in colour varying from white and cream to deep maroon, often delicately speckled or veined within. However, they have a tendency to hang down so that one must tip the flowers up to appreciate the delicacy of their markings. Lenten Roses make dense clumps of rather tough roots, are best left undisturbed for years, and usually spread by self-sown seedlings, which are likely to vary in colour. They enjoy shady places but will grow right out in the open and are totally unfussy about soil. *AH*

So sweet — but often dowdy

***Arthur Hellyer** considers Daphne, a plant of variable character*

DAPHNE brings images of fragrance and unreliability, yet neither is true entirely of the dozen or so species found commonly in gardens. In fact, it is extraordinary how much these vary in character: some evergreen, others deciduous, some scented very sweetly and a few not at all, or only very slightly. And although *most* are beautiful, there are one or two that are distinctly dowdy.

Two daphnes grow wild in Britain. One of them, D. mezerium, is a favourite in gardens, especially with cottagers who seem to have the knack of growing it well. It is fairly rare in the wild but the other native, D. laureola, the spurge laurel, is common enough in woods on alkaline soils.

Although not exciting, D. laureola is worth a place in the wild garden for its ability to thrive in dry shade and the limiest soils. It is a leafy evergreen that grows from 2ft to 4ft high with curling clusters of small, greenish-yellow flowers which sometimes are honey-scented and always appear very early in the year – from February to April. You can scarcely go wrong with this daphne.

You could say much the same of D. mezerium, which does grow freely in some gardens and even spreads by seedlings which are self-sown from the handsome, scarlet berries (which are very poisonous and usually produced freely).

The habit of the bush is distinctive with stiffly-upright stems, lance-shaped deciduous leaves, and *small purple flowers clustered close to* the stems. They are very fragrant, as are those of its beautiful, pure-white variety.

D. mezerium is a rare, protected plant that is found wild on limey or chalky soils, usually in woods, although generally it is grown in the open in gardens. The difficulty with this fine plant is that it is apt to die suddenly and without obvious cause. Cottage gardeners seem to succeed with it, perhaps because they often let it choose its own place to grow and then leave it alone.

Probably the best daphne with which to make a start – because it is beautiful, likely to succeed and lives for a reasonable time – is a hybrid named D. burkwoodii Somerset. It makes a very freely-branched bush, 3ft to 4ft high and generally a little more through, with narrow, light-green leaves and abundant,

lilac-like pink flowers that are very fragrant.

It is a semi-evergreen which likes sunny places and most reasonably well-drained soils, with a preference for those containing lime. It flowers in May and sometimes there is a second, smaller display early in autumn.

Daphne cneorum, known as the Farland Flower, was one of the parents of D. burkwoodii and could be considered the most beautiful of all daphnes. There is a pure-white variety but the natural, rose-pink type is the favourite. It makes an evergreen, wide-spreading bush which, while *only about a foot high*, can reach several feet across.

The small and sweetly-scented flowers are produced with immense freedom in May. D. cneorum certainly likes limey soil but it grows freely in the Royal Horticultural Society's garden at Wisley, Surrey, where the soil is sandy and rather acid. What it does require is moisture at all times *of the year and failures, which are* fairly frequent, may be due very largely to drought.

Then there is Daphne blagayana which has much larger, evergreen leaves. In spring, there are clusters of very sweetly-scented, creamy-white flowers at the ends of the long sprawling stems that make it very suitable for rock gardens.

Daphne petraea is a true rock plant: a tiny, tufted evergreen rarely more than 3in high which grows wild on inaccessible cliffs in the limestone alps of the southern Tyrol. For the garden, there is a variety named Grandiflora which has flowers of superior size. They are rosy-pink, sweetly-scented gems which individually are like those of D. cneorum although the plant is, of course, very much smaller.

Indeed, its size means it needs to be *protected from slugs and other foes*. Thus, rock plant enthusiasts usually grow it in pots or pans containing gritty, sharply-drained soil (including limestone chippings) in an unheated greenhouse or frame. This is not an easy plant to buy but it can be obtained from Potterton and Martin, the Cottage Nursery, Nettleton, Caistor, Lincolnshire.

Perhaps the best smelling daphne of all is D. odora, but it is not as free-flowering as some of the others and it is not completely hardy in all parts of Britain, although it will survive a few degrees of frost. The lance-shaped leaves are evergreen, quite large, and a fine, glossy hue. There is a variety named Aurea-Marginata, with an attractive golden margin to each leaf, which is actually a little hardier than the plain green type.

D. odora produces quite large clusters of flowers in two shades of reddish-purple from December well into the spring (which is much too early for safety in most British gardens). So, this is an ideal small plant for a conservatory; but for years I grew the variegated variety successfully in my Sussex garden against the south-facing wall of the house.

Gambler who beat Trump at casinos

*Steve Wynn staked it all on kitsch, writes **David Spanier**, and won*

OUT OF the desert, the Mirage arose. One night, there was a vast empty lot. Next day, on this shimmering cross-roads marked by a thousand points of glitz, appeared the most dazzling structure the Las Vegas Strip had ever seen.

"*It's what God would have* done," Steve Wynn liked to quip, adding irreverently, "if He'd had the money."

Wynn had another one-liner which went down well with business audiences. "What do you do when you owe the bank $600m and, on the first day of the month, you can't meet the interest charges?" Pause. "*Absolutely nothing!*"

In reality, Wynn's dream of a casino took three years to build. But it went up so fast, it did seem like a mirage. He is a showman first and a businessman second, albeit an operator who staked more than anyone had ever risked before in building a casino-hotel. It cost $620m when it opened in November 1989, and that was just for starters.

Donald Trump had also coveted the site but Wynn turned him down. They were friends, but not really friendly. Trump, in a stinging phrase which Wynn's wife, Elaine, has never forgiven, once accused Steve of being a classic under-achiever.

The Donald, as *his* wife, Ivana, liked to call him, was left to build his own dream of a casino in Atlantic City, New Jersey. It was called the Taj Mahal and was billed, with characteristic hype, as the "eighth wonder of the world."

The contrast between these two places, the Mirage and and the Taj Mahal, is the story of casino gambling in the 1990s: in effect, a long-range duel across the tables between the *two main personalities in the* gaming industry, Wynn out west and Trump out east. Rivalry is not, perhaps, the right word – although one man has emerged as leader of the gaming industry and the other's main casino is in chapter 11 bankruptcy – because Wynn himself has never seen their competition in personal terms.

The two men share a flamboyance of character but their approach to casino gambling, which has set the style in their opposing resorts, has been radically different. Wynn is glossy, lively, funny, mercurial, fast-talking, hard-driving, a man who has lived gambling since his boyhood.

"Since the day I took my first breath, I have been a kid who has never had a meal, a dollar for tuition or a piece of clothing on my back that didn't come from gambling," he claims.

On his first visit to Vegas, as a 10-year-old, he was dazzled by its glamour. Unfortunately, his father had a weakness for the dice and went broke. It was a useful lesson.

"If you wanna make money in a casino," Wynn says, in a classic formulation, "own one."

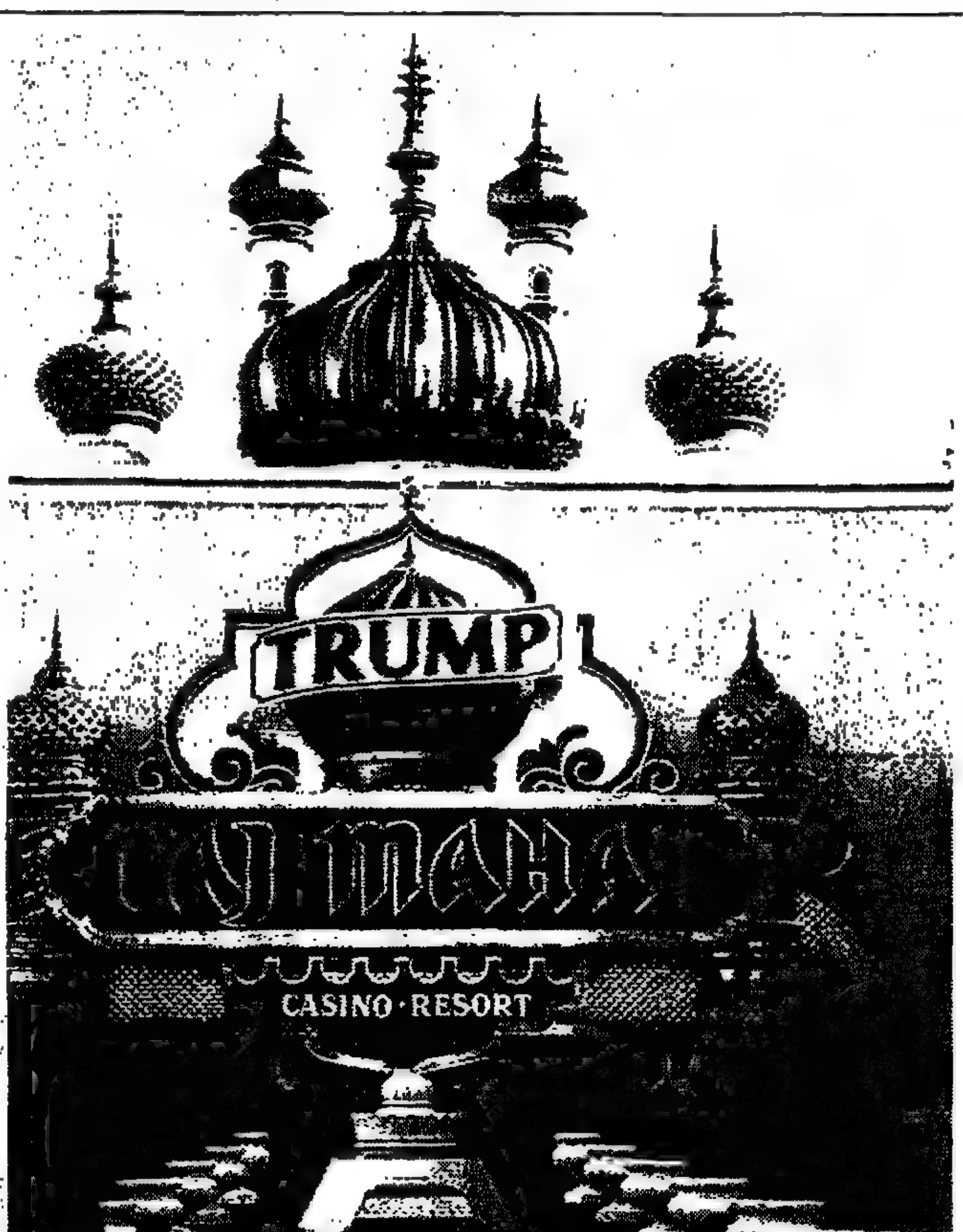
The Mirage is his answer.

The opening was a local affair. The whole town was agog to see the inside of the place. Long lines of people, waiting in the sun, pressed against the green cordon of security guards. At five to noon, the line buckled. And at five past, the place was jammed. The people poured in, *baseball caps bobbing*, bomber jackets billowing, T-shirts flapping over Day-Glo bermudas, trainers thudding below pale pink pants and blue jeans – the whole rag, tag and bobtail of a holiday crowd on the spree.

No one had ever opened a casino of this super-colossal size before – *SNAP!* – just like that. All of a sudden, the air was filled with noise. The slots were whirring and chunking, line after line of them, the coins rattling around like sea shells in the tide. This heavy-metal rhythm was overscored by a sort of moaning, siren-like scream from a bank of super-slots, shouts, greetings, laughter and, above it all, snatches of rock music, loudspeaker anouncements, bells ringing, metal clashing. The sweet sound – as it has proved, month after month – of success.

Overnight, the Mirage became the focus of the Las Vegas Strip. *On a basic* Y-shape of three towers, 30 storeys high, it contains 3,000 suites and rooms. In front, a home-made volcano erupts into the night sky every 15 minutes. Inside, a tropical rain forest, *under a glass* atrium, leads guests into the casino, glittering light-and-dark. Behind a glass wall roam white tigers, by the lagoon cavort dolphins. It's kitsch, it's over the top, it's fun.

The Mirage won over $409m from gaming and made $251m from hotel and other income in its first year, an unparalleled success. The operation needed to generate income of this magnitude because it has to make more than $1m a day simply to meet its interest and running costs.



Eighth wonder or decorated crate? Donald Trump's Taj Mahal casino in Atlantic City

Wynn is not under any illusions about the task ahead. "We dare not stand still," he says. "It's exhilarating, like driving a racing car at high speed. But another bend is always coming up to meet you."

Trump, by contrast, lacked that intuitive feel for casinos that comes from a lifetime in gaming. His whole experience *was in real estate, which is* certainly a big risk but of a completely different kind. What attracted him to gaming was the (apparently) amazing cash flow of casinos.

When Trump, nosing around Atlantic City late in the '80s, finally acquired his first property, Trump Plaza, and then a second one, Trump Castle – putting Ivana in charge – it looked an exciting prospect. And, indeed, it might have turned out well enough – given the drabness of the place and New Jersey's constraints on gaming – if Trump had not fallen for another project, an extravaganza to outdo all other casinos.

> *'If you wanna make money in a casino,' Wynn says, 'own one.'*

The Taj Mahal, which was supposed to demonstrate the art of the deal, was an unknown quantity. Its costs were out of control, the market was already oversold; by the time, it was completed, it had cost the best part of $1,000m. But if Steve could do it in Vegas, spending all that money, then Donald was determined he could show them in Atlantic City. A banner went up at the entrance to town for the grand opening of the Taj in April 1990: "More than a Mirage."

The Taj Mahal is big, certainly. Its 90 minarets shine out over the ocean like coloured onion domes. The casino, bright with Indian motifs and decoration, covers 120,000 sq ft. Its serried ranks of slot machines, like a painted metal army rooted to the drill square, stretch out on all sides under Viennese chandeliers. It drew the crowds – Trump's affair with film starlet Marla Maples had made him a media celebrity – but the operation was ramshackle.

The times, too, were changing. Within three months of its glorifed opening, Trump was locked in a struggle with the banks to meet his various interest payments. In its first full year of operation, the Taj reported losses of $120m

Atlantic City suffers compared with Las Vegas *because it is not a destination* resort. People go to Vegas for vacations and trade conventions: the gambling has become only a part – albeit by far the most lucrative part – of a shiny package which includes shows, boxing, sports, *high action and fast women*, at a cut price. It is hard to see why anyone should want to go to Atlantic City, especially in winter.

What now? Atlantic City might pull through, at a reduced level. There are too many casinos chasing too few customers. The Taj, with one of Wynn's former managers in charge, is doing better. It earned $29m this January – no mean feat – but still below par. As anyone can see who *visits the place*, it is essentially a decorated shed, blown up to mammoth size. Its only message is: big is beautiful.

The Mirage, too, will find competition tougher in the recession but the joint is still jumping night after night. Aware of the need to fight for family appeal, Wynn is now planning to build a new casino, Treasure Island, on 17 acres of the present Mirage parking site, at a start-up cost of $300m. Launching the project, Wynn appeared in a pirate's hat. Only in Las Vegas, one feels.

■ *David Spanier's new book* All Right, Okay, You Win – Inside Las Vegas, *will be published by Secker & Warburg on Monday, March 23, price £16.99.*

As they say in Europe/**James Morgan**

Milton Keynes for thrills

IT HAS been one of those weeks when one feels nothing has happened in western Europe and when the most interesting article was about the English new town, Milton Keynes, on its 25th anniversary, in the *Neue Zürcher Zeitung*. More of that later.

But the great debates continue and the most instructive *is that started by the "D-Mark* nationalists" in Germany. The question is, why only now, well after the Bonn government signed the Maastricht treaty binding it to European Monetary Union, are the Germans having serious doubts about the project? Last year Britain was riven by EMU: today the topic plays no role in the election campaign, and it is the Germans who are split.

It is the fault of the German press that the debate never got *off the ground before* the decisive steps were taken. The left-wing papers had little interest in the symbols of German nationalism – and the DM is the symbol par excellence, while the papers of the right were anxious to support the government at any cost. This created strains.

At *Handelsblatt*, the leading German business daily, editorial policy was steered from Brussels. Continental correspondents at the European Commission all go native on arrival. But the paper's international editor, Dr Klaus Engelen, had different ideas. To call Engelen outspoken would be to do him an injustice, but he failed to get his employers to change their minds. So he has gone into print at home and abroad stating his views: "I cannot believe that by 1997 or 1999 the Germans will give up their Deutschemark and allow the Bundesbank – a cornerstone and an essential feature of their very successful economic, social and political system – to be dissolved in a new European supranational institution, the European Central Bank" is the sentence which *turns up everywhere*.

But what if he is wrong and it is all too late? The editor-in-chief of the *Süddeutsche Zeitung*, Dieter Schröder argued that Germany's leaders had not calculated that "the groundswell of the new German nationalism could only be strengthened when the fear was nourished that the highest good of the nation, the Mark, was going to be sacrificed on the altar of Europe."

But, said Schröder, the new *public display of German* nationalism had to be conducted in a manner that would not to frighten the foreigners. They assumed that the Maastricht Treaty could not be wrecked by the Germans – "That would be a national and historic tragedy which would isolate Germany for a long period and do considerable damage to the process of European unity." The conclusion was a bit lame - "we must not burden the debate with unrealistic demands and European 'Don Quixoteries.'" For once it seems the British government got things right: European Monetary Union is far too difficult a subject to be settled now. It is a pity that Mr Major and his colleagues may not have much opportunity to savour this curious victory.

One hope that the government has of retaining power in this election is to be found in Milton Keynes. It is the one constituency that has, amoeba-like, split into two for this election, thereby delivering another Tory to the House of Commons. That is probably the most interesting thing that has happened in the 25 year his*tory of the town so it was* appropriate that it should figure in the paper that strives to avoid the title of Europe's most interesting daily, the *Neue Zürcher Zeitung*.

"Milton Keynes – the English Utopia?" was the headline for Charles Ritterband's piece. He was particularly impressed by the railway station; "The Keynesians are as proud of it as are the Güllener family when they come into money in Dürenmatt's play 'The Visit,' *proud that* all express trains stop there between London and the great cities of the north."

Ritterband has done more research on "MK" than anybody in England: "The legend runs that Milton Keynes is named after the writer John Milton as well as the economist John Maynard Keynes. Legions of speechmakers have extolled Milton's democratic spirit and the pathbreaking research of Keynes as the inspiration behind the town... But it is all nonsense." In fact, it emerges, Milton Keynes got its name from the original village. "But where that village got its name, nobody knows."

■ *James Morgan is economics correspondent of the BBC World Service.*

PROPERTY

Old King Cole lived here . . .

David Hoppitt examines Essex, a county of wide contrasts behind its Flash Harry facade

A BLANK expression greeted our request for singles to Gawdelpus at London's Liverpool Street station ticket office. "Say again, guv," said the chirpy Cockney behind the glass.

The Cockney accent is alive and well, living largely in Essex: but the dialect and sense of humour seems to be waning. Years ago, a ticket-seller would have known instantly that we wanted to travel to Saffron Walden. Why Gawdelpus? It derives from the ancient market town's Latin motto "Deo adjuvante floremus" (which translates as "God help us to flourish" or, to be more precise, "With God's help we flourish")

Saffron Walden is a place of streets and alleys (called "twitchells") bordered by handsome jettied houses. Along with other Essex country towns, plus the countless quaint and timeless villages, it is very different from most outsiders' perception of the county.

Many who have the misfortune to live south of the Thames look upon Essex as flat and uninteresting. Few have visited it and fewer still have walked, ridden or cycled over its rolling hills and valleys. True, Essex is short on mountains and coal mines and the front and back doors (Leyton and Purfleet) do not appear on many chocolate boxes; but, once over the threshold, there is Epping Forest, the 5,600-acre picnic spot for Londoners.

Essex is a county of contrasts; dead cars and other junk in fields near Romford are testament to its proximity to the London sprawl. Further out among the villages, though, are some of the finest timber houses in the land, many exhibiting the best of the pargetter's art (decorative plasterwork done originally with a concoction that included cow dung, stable urine, grit and horse hair, all mixed or trodden by a village maiden!)

Essex man's dream? Gills Farm: surrounded by rolling countryside full of deer — and yours for £650,000

In the great Essex earthquake just over a century ago, it was these timber structures that withstood best the shaking (opponents of timber-frame housing please note). King Cunobelin (Old King Cole) chose Colchester as his capital; the Romans built a city there; and the Normans built their largest castle keep.

Essex man (and, more recently, Essex woman) has become the butt of as many jokes as vicars and parrots; most are way off the mark. Flash Harry and Cheryl hardly reached Essex proper. Real Essex man seldom moves away; many travel but most return. Theirs is a county of misty fishing hamlets, sudden villages with Morris dancers and cricket greens, real pubs with real ale, and even a few real ploughmen. It is a county with culture in plenty plus a little candy floss at Southend, the Londoners' Blackpool.

Nature is not bountiful with rainfall in Essex (it has the lowest in the country) but there is enough to keep Constable's beloved river Stour flowing through the green fields of Dedham. The county is not well-endowed with stately homes, either, but it has at least 1,000 moated country houses — more than any other. There are also more horses there than elsewhere.

Before the property boom, many people with more money than taste discovered that Essex offered better value, property-wise, than any other home county. They moved with their families, their Mercedes, their *au pairs* and their ponies to the green paddocks of Ongar (and the like), and the jokes started. Now, the bubble has burst and they cannot afford the mortgage; unemployment in Essex has risen sharply in the past year. Result — repossessions and bargains galore (plus more than a few Dobbins for sale).

John Gibson, of Savills, says buyers have an especially wide choice of farmhouses in Essex but only the near-perfect are selling. Mediocre offerings have slumped in value by as much as 30 per cent. "Curiously," Gibson adds, "there are now cash buyers living in rented accommodation because they can't find the right house; this is because many owners of really good houses, old rectories and the like, decided not to sell in this market."

One of the most seasoned property men in the county is Roy Chapman, former joint senior partner of Abbotts who now runs his own show in the village of West Bergholt. "I said last year things would improve out here and, sure enough, the market is on the move; but only when people are realistic about prices. The reduction in interest rates, coupled with the incentive provided by the temporary removal of stamp duty, has at long last brought some confidence to the market. Young people, first-time buyers especially, are taking advantage of the situation. Those who have jobs now have the capacity to buy, and sensible ones are getting in quick before the market recovers strongly, as it assuredly will."

Hambro Countrywide is another to have noticed a change. It says there has been a significant increase in inquiries since the beginning of the year and the number of prospective buyers has trebled in recent weeks. House-builders, too, are showing signs of cautious optimism, especially those catering for the first-time buyer.

At Grays, Alfred McAlpine Homes is offering flats and houses at Anchor Point, a skip from the station, right on the waterfront and only a short drive from Dartford Tunnel. They are attracting a lot of interest. One-bedroom flats cost just below £50,000 while £59,000 buys a two-bedroom house with two balconies facing south over the water. Three-bedroom homes cost £70,000.

For something a little larger, Cala has homes with three and four bedrooms beside the cricket green at Shenfield, with prices starting at £144,950. Moody Homes also reports a stir in the market, especially for more spacious homes in a village setting; two, each with five bedrooms, have just been sold for around £300,000 in Ingatestone.

Moving further up-market, John D. Wood suggests a price of £250,000 for the delightfully-named Cherry Garden, a Grade II-listed, 16th century house at Burnham-on-Crouch. There is also a field with consent for six detached houses, at £330,000.

For around £650,000 there is Gills Farm, in Epping Upland, which is described by Savills as being in the perfect location if you like being surrounded by rolling countryside with a healthy population of deer. There are more than five acres, a tennis court and swimming pool and plenty of outbuildings. Definitely something for the real Essex man.

ESSEX FACTFILE:

Major towns, with distance from London; rail travel time; annual season ticket price (first class in brackets);and house prices by Hambro Countrywide (1. Two-bedroom starter; 2. 3 br semi; 3. 4 br detached; 4. country house with paddock).

Chelmsford: 30 miles; 30 mins; £1,680 (£2,520). 1. £50,000; 2. £68,000; 3. £105,000; 4. £340,000.

Colchester: 52 miles; one hour; £2,052 (£3,080). 1. £42,000; 2. £54,000; 3. £85,000; 4. £300,000.

Southend: 42 miles; 55 mins; £1,796 (£2,698). 1. £43,000; 2. £68,000; 3. £110,000; 4. £360,000.

Brentwood: 20 miles; 25 mins; £1,280 (no first); 1. £55,000; 2. £75,000; 3. £165,000; 4. £380,000.

Area: 907,331 acres.

Population: 1.5m.

Unemployment: 10.7 per cent.

Community tax average: £234.28.

Access to countryside: 3,500 miles of footpaths and bridleways (including 30 miles added recently added to bridleways' system). *Ways through Essex* pamphlet from County Hall.

Libraries: 54 full-time; 36 part-time; 28 village centre; 17 mobile.

***Administration centre:** County Hall, Chelmsford CM1 1LX.*

Realism keeps the Broads in business

John Worrall finds that Norfolk prices have come down and distress sales are dropping fast

The Norfolk Broads are spread down the eastern half of Norfolk, a series of lakes born partly of medieval peat diggings and some slow, connecting rivers. Long an area for waterborne holidays and recreation, effectively they became Britain's 11th national park in 1989. In planning and navigation terms, they are now administered by their own special statutory body, the Broads Authority.

Tourism, naturally, has made the villages — strung along the 125 miles of navigable waterway — the stuff of retirement dreams although few of those dreams come true. One local agent reckons that while 70 per cent of footfalls through his door are visitors thinking of moving into the area, less than 10 per cent of them actually make the effort to do so. Many of those then find the pace of life too slow after, say, Essex or Hertfordshire and, eventually, return whence they came.

The trouble for them is that moving back is not so easy at present. Norfolk house prices have dropped by more than 30 per cent since their 1988 peak; probably the biggest price reversal in the UK. Indeed, houses are cheaper now than for many years, according to David Richardson, managing director of Hockleys of Norwich.

"With lower interest rates, the removal of stamp duty from most purchases and moderate increases in real incomes, housing costs in real terms are probably at less than half the level of three or four years ago," he says.

But the market seems to be grasping that fact. Richardson notes that the number of sales achieved by Hockleys in Norfolk as a whole, in the 12 months to February 1992, was 77 per cent up on the previous 12 months.

Waterfront prices probably start as low as £35,000 for one-bedroom leasehold timber cabins beside the River Thurne at Potter Heigham, each with its own mooring and easy access to ice cream and fish and chips.

Two- or three-bedroomed properties of similar ilk might fetch up to £60,000 — particularly if they are of sufficient substance to pre-date the start of planning controls in 1948, thus escaping the restrictions on their annual periods of use. That is the holiday and weekender market. Upwards from those prices, though, buyers rarely will get change from £100,000 for a brick-built waterfront freehold, even on the smallest navigable backwater.

In Wroxham, the prime pitch — which, together with Hoveton, across the River Bure, forms the heart of the Broads — houses in Beech Road were fetching up to £650,000 at the peak of the market (although, at that level, buyers were getting a residence of true quality, with several acres).

Buyers in the middle and upper price ranges tend to be local professional and business people, or locals who have moved out and are moving back in their retirement. They have a reasonably wide choice.

At Dilham, towards the northern extremity of the Broads and three hours by boat from Wroxham, £119,000 would buy a detached three-bedroom brick bungalow with a 50ft quay-headed mooring (through Woolwich Property Services).

In Hoveton, a relatively modest £125,000 would buy a three-bedroom timber-framed chalet built in the 1970s (now available through the Stalham office of William H Brown). Just upstream, at Belaugh, Strutt & Parker requires £245,000 for a five-bedroom barn conversion with 50ft of mooring.

Agents say that waterfront prices have been relatively resilient; in general, they put the markdown from the top of the market at perhaps 25 per cent. Inevitably, though, there has been inertia as vendors continued to hope; some present offerings still illustrate substantial compromise.

Orchard Mead is a house in Ropes Hill, Horning, a village just downstream from Wroxham and Hoveton. With four bedrooms, two bathrooms, mooring, boathouse and slipway, it was valued at £290,000 four years ago.

In September 1991, it entered the market at £210,000 (through Woolwich Property Services) but there was little interest until it was reduced, in the first week of January, to £180,000. It then received three offers.

Similarly, Hockleys recently sold the Little House, Lower Street, Horning, for £170,000. The property, which was once divided into two flats, has seven bedrooms, a 50ft quay-headed mooring and covered boat dock. At the peak of the market, its value was close to £250,000.

Now that vendors have come to terms with the need for realistic pricing, they are in no mood for further messing about. "Soft" deals are much thinner on the water.

Melvyn Stone, manager of the Wroxham office of Woolwich Property Services, says: "There is still a false idea that, in this market, any vaguely reasonable offer will be accepted, but the supply of distress sales has more or less run out. Most people who now want to sell will do so only at something fairly close to the asking terms."

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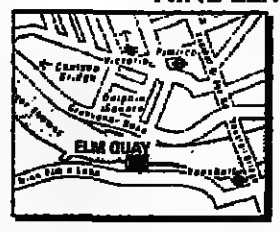

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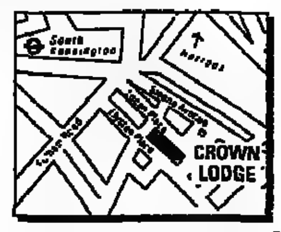

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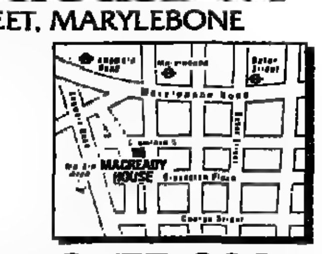

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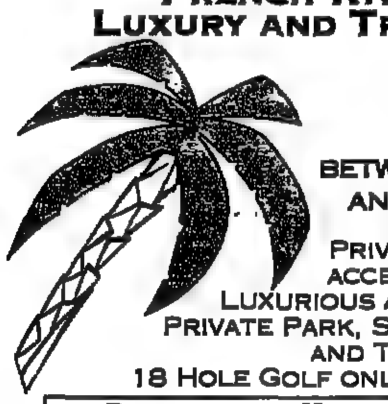

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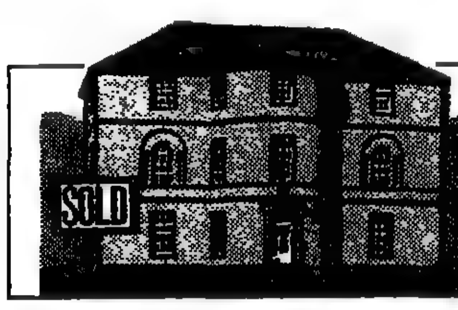

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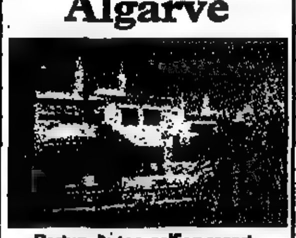

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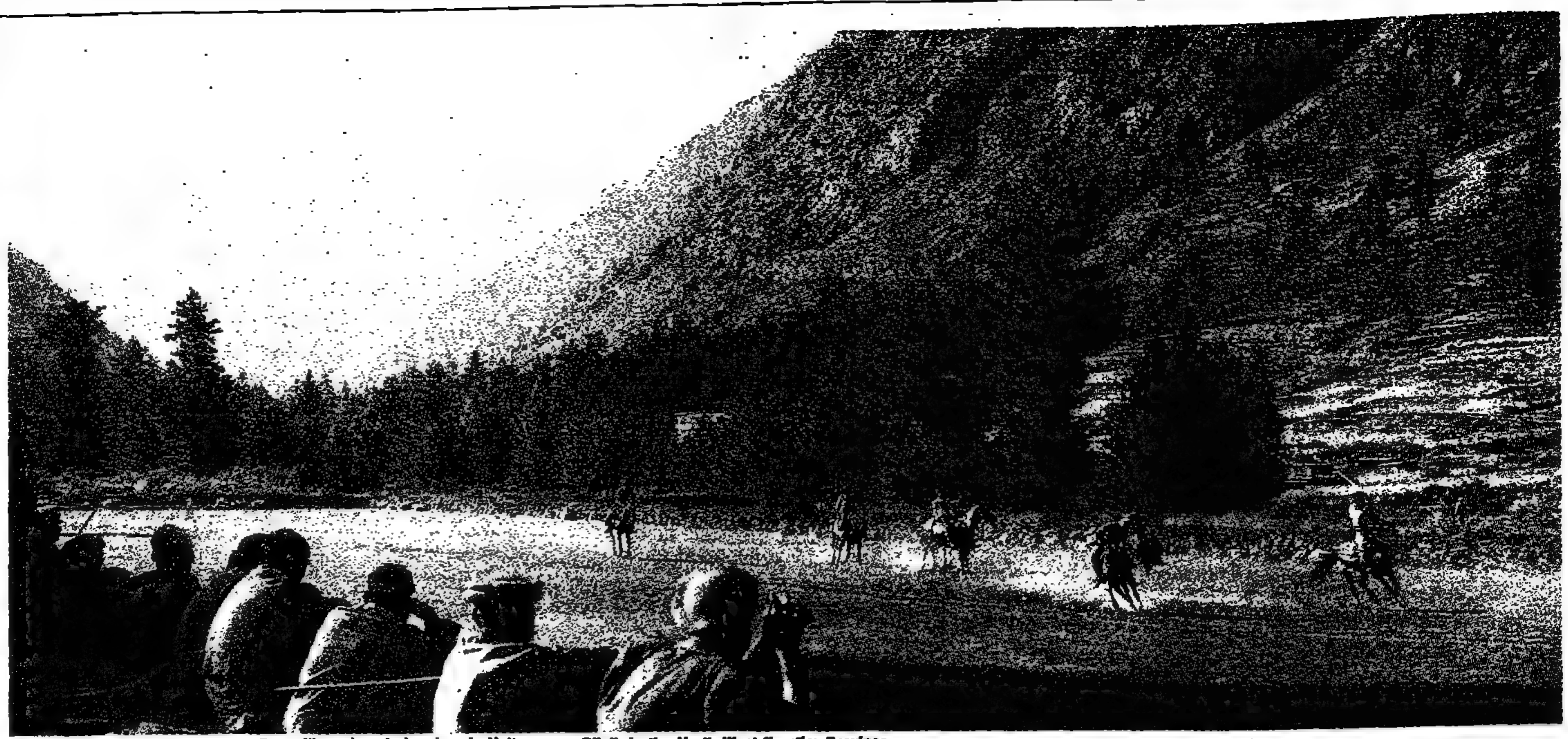

Local tribesmen playing polo – often with a sheep's head – in Naltar, near Gilgit, in the North West Frontier Province

Hard ride on the world's highest road

Andrew Anderson climbs the Khyber Pass and travels across northern Pakistan in search of Shangri-La

IT WAS all too perfect. The moon hung heavy over the governor's mansion. Peacocks strutted on verdant lawns. The elite of the Khyber Rifles Regiment brought down the flag. The Last Post echoed mournfully. And the governor's servants, dressed in sculpted turbans resembling upturned candelabra, served us sandwiches with the crusts cut off.

The governor of the North West Frontier Province of Pakistan bore a startling resemblance to Douglas Fairbanks Jnr. His pyjama suit was beautifully cut, his moustache doubly so, and although the scene seemed quintessential British Empire he looked proud of his new country and prouder still of its past.

This was the centre of the ancient Buddhist kingdom of Gandhara. It was overrun by the Kushans in the first century AD, brought under Moslem control in the 11th century, then later governed – but never really conquered – by the Moghul emperors, the Durranis of Afghanistan, the Sikhs of Lahore, and, from 1849 to 1947, the British.

The latter, fearing a Russian invasion, tried to manipulate the feud-obsessed Pathans by playing the myriad tribes off against one another. They tried bribery, threats, taking hostages; the Pathans largely did their own thing – mainly fighting among themselves and anyone else who got in their way, often with murderous success. It was in this guerrilla-friendly wilderness that the British swopped their bright red uniforms for inconspicuous khaki, from the local word *kakhi*, meaning dusty.

Today Pathans still stroll through Peshawar, capital of the NWFP and home of the governor, with rifles slung under their cloaks. The Russians have fled neighbouring Afghanistan, but the Tribal Areas – backing on to the Afghan border – are still full of tribal Mujahideen, now largely engaged in smuggling and gun-running, still exchanging "a blow for a pinch" in their innumerable family feuds.

Peshawar is a town with a split personality: a modern university and a Pearl Continental hotel, the serenity of the (British-built) Mall, and, in the Old City, a mass of choked streets, rickety shops and wild-eyed Pathans. In the Khyber Bazaar billboards depicting gory extractions point the way to the street of dentists; brass and copper merchants beat a timpani of welcome off Qissa Khawani Street; the money changers squat amid piles of filthy notes in Chowk Yadgar, the central square, pocket calculators poised.

If the Pearl Continental is too bland, Dean's Hotel, on Islamia Road, offers basic rooms with a touch of colonial nostalgia, plus the boast that "Winston Churchill slept here". (He probably needed extra blankets). Salatin's, on Cinema Road, offers first-class Pathan fare – meat kebabs, chicken shashlik: vegetarians face a lean time in most of Pakistan.

Twenty kilometres from Peshawar, towards Afghanistan, lies the Khyber Pass. Although officially off-limits, permits can be obtained through the Ministry of Tribal Affairs in Peshawar. An armed escort is required, and the Pakistan Tourist Development Corporation can help.

The road winds first past choked camps of Afghan refugees, outcasts from their war-torn country and a terrible drain on Pakistan's economy. The refugees have built their own areas of commerce, mainly smuggled goods bearing western brand-names – there is even a Khyber Pass branch of "Marks and Spencers".

The Pass starts at Jamrud Fort and climbs into the Tribal Area, nominally under Pakistan control but a place that lives by its own laws. From the plain great crags of jagged rock rise up to tear at the sky, the rocks splintered by the heat and cold of furious seasons: nothing moves, nothing appears to grow, or seems capable of survival in this awful wilderness.

Daubed on the rocks are regimental badges and mottoes of British regiments which served there. One cannot imagine what the khaki'd youths from Devon or Cheshire made of it all, alternately shivering and boiling in their rock-hewn lookouts, waiting for the cold blade of a Pathan. The graves of the victims (of cholera, mostly) dot the landscape.

The pass is now guarded by the Khyber Rifles, whose HQ is close to the top of the pass. An eyrie of a border post overlooking a few miles of no-man's land before the Afghan border marks the limit of lawfulness. Beyond this, the tribespeople and Mujahideen come and go as they please, riding shotgun in Japanese flatbed trucks, smuggling drugs and goods of every description to the bazaar of Landi Kotal hard by the border post, where hashish is sold by the bucketful and tourists' armed escorts nervously stick flowers in their rifle barrels to show they come in peace.

There is peace aplenty further north than the NWFP: pincered between India and the Chinese border, the Himalayas on one side and the Karakorams on the other, lies the gorgeously rugged Northern Territory.

One of the world's most exciting commercial flights takes you – weather permitting – from Islamabad to Skardu, flying towards K2 and past the looming bulk of Nanga Parbat, before barrelling down a narrow valley, turning on a sixpence and landing on a flood plain of the young River Indus, 2,300m above sea level, at Skardu, capital of Baltistan. The (heavily subsidised) fare of Rs300 (£7) is a bargain.

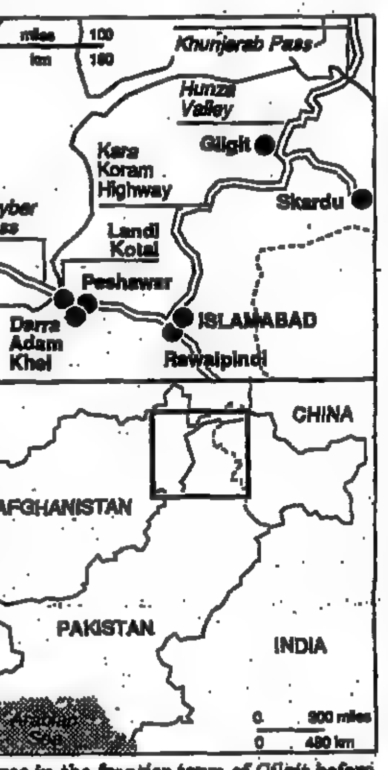
Skardu is the gateway to some of the world's finest trekking and mountaineering areas. The town is little more than a collection of shacks, but the setting is spectacular: the great oval sand-basin of the Indus floodplain, ringed by mountains on all sides, the bluest of skies. All sense of perspective is lost amid the dizzying peaks.

Some 30km from Skardu, on the road to Gilgit, is the Shangri-La Tourist Resort, an up-market hotel built in a style best described as mock-dodgy Chinese, but in a gorgeous setting around icy Katchura Lake. Rooms start from around Rs850; for a little more you can bed down in a converted Dakota aircraft that crash-landed on the Indus sands in the 1970s and was hauled by man-power to its present site.

Further north, pointing its pot-holed finger all the way to China and beyond, lies the 1,000-km-long Karakoram Highway, acclaimed by Pakistan as (yet another) Eighth Wonder of the World. This one almost deserves the accolade: built over 20 years at a cost of hundreds of lives, it defies countless earth tremors to provide a trade artery along a route that dates further back than the Silk Road.

Driving up the KKH is a heart-stopping experience. The "road" from Skardu to Gilgit, which joins the KKH at the Alam Bridge, is a useful primer. It hugs the Indus gorge all the way, carved or blasted out of the rock walls that tower above it, with the river silently sweeping or raging and roaring hundreds of metres below. Huge, gaily-painted lorries groan along its length for days on end; meeting one requires the most delicate of passing manoeuvres. Those wishing merely to be frightened should sit on the right of the bus. Those wishing to be terrified should sit on the left.

Most travellers stop to de-jangle their



nerves in the frontier town of Gilgit before steeling themselves for the next leg of the KKH through Hunza and on to the the snowbound Khunjerab Pass, at 5,275 metres the world's highest metalled road. Gilgit has an interesting market, to which wiry mountain men walk for days to sell their goats; a good modern hotel in the Serena Lodge; and can be reached by a spectacular small-aircraft flight (Rs245) from Islamabad, although this again often falls victim to bad weather. Like Skardu, the setting is wonderful: the town is held hostage by towering peaks.

Beyond Gilgit, the KKH is shadowed on the opposite bank of the Hunza River by part of the original Silk Road, a dizzying goat track hacked into the mountainsides and punctuated by now-rotten footbridges. Much of it has disappeared, crumbled by earth tremors that strike this area of colliding geological plates every three minutes. The KKH, too, is often blocked, but quickly cleared by bulldozer. In one area hundreds of tiny garnets lie scattered amid the debris in the road. You can gather handfuls, though it will not make you rich: a polished string can be shop-bought for a few pounds.

Past Rakaposhi (7,788 metres) the KKH wends into the wrenchingly-lovely Hunza Valley, inspiration for Shangri-La in James Hilton's novel *Lost Horizon*. After the desolation of the past hundred kilometres the valley opens up like a dreamscape: tiny, terraced fields rippling down the mountainsides, bordered by dry stone walls; graceful, slender poplar trees slashing vertical accents in the crystal air; the peaks of Rakaposhi, Ultar and Distaghil standing sentinel over all. In autumn, the valley is splashed with red, ochre, burnt umber and orange; in spring, wild flowers grow in profusion.

No wonder the people – Ismaili Muslims mostly, although the practice of fairy worship clings on in some valleys – look content, though their lives must be harsh. They may not live *hundreds* of years, as Hilton wrote and many believed, but their diet – largely apricots – seems ambrosial enough.

In Karimabad, the local capital, the (now-abandoned) old palace of the Mir, head of the family that has ruled the area since the 11th century, gazes over an enchanted arena of soaring peaks, green terraces and thriving orchards, roofed under an eggshell sky. Apparently there is no word for "stress" in the local dialect.

■ In London, the Pakistan Tourist Development Corporation is in Suite 433, Holborn House, 52-54 High Holborn, London WC1V 6RB, tel: 071-242-3131.

The town that lives by the gun

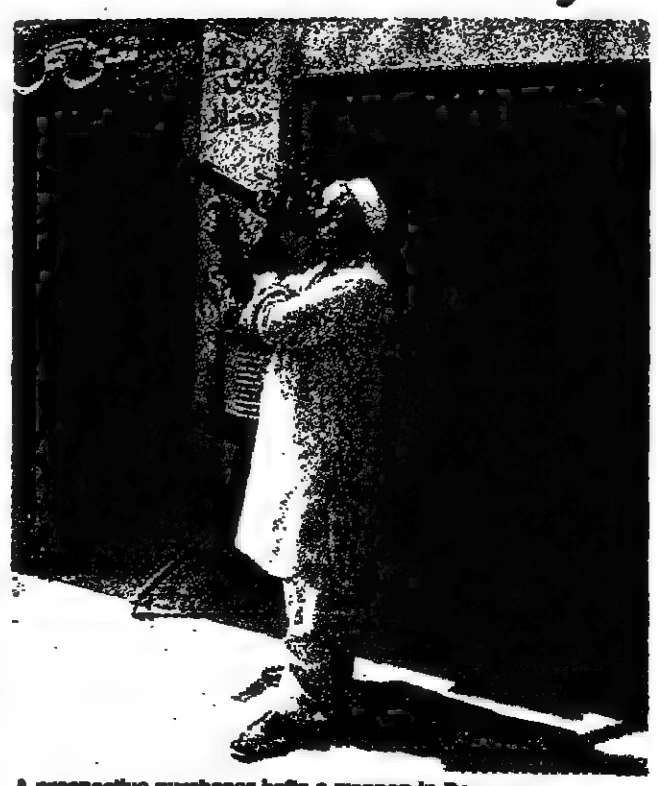
DEALING in death has been good for Darra. At first sight, this tiny, dusty hamlet strung out along a "main" road 35 kms south of Peshawar, in Pakistan's North West Frontier Province, seems indistinguishable from all the other tiny, dusty hamlets in the area. Until one goes shopping . . .

"Kalashnikov?" smiles the gap-toothed proprietor of Ali's Arms Store. "Very good weapon, very good. But now not so good. Now we make the barrels from poor building steel, which melts. Or this: Lee Enfield. Very good gun, very strong. Or this one: Luger, same as Germans. Very good gun, very cheap. Ammunition no problem. You want one?"

Darra is the arms factory of the NWF Province, a one-stop, drive-in ammunition dump for local tribesmen (mainly Pathans), ex-Mujahideens from Afghanistan, political militants, rivals with scores to settle, people with expensive "shipments" to protect, even the occasional foreign "guest".

The whole village, hundreds of people, and many more in the area, is dedicated to forging – even down to the serial number – almost every type of weapon, new and old, invented in the world's munitions factories. The Pakistan police and army have no authority here. Cash is king. The Soviets may have pulled out of nearby Afghanistan, but business in Darra is still booming.

In every roadside stall Lee Enfield rifles old and new are lined up in their dozens. Wicked little Uzis hang on rusty nails next to shiny M16s. World War Two Sten gun copies are tucked in every corner. Revolvers and pistols of every kind are stacked high: Lugers, Berettas, snub-nosed Mausers, Colt .45s, Walther PPKs. Bullets spill from cardboard boxes. Shells rattle on


A prospective purchaser hefts a weapon in Darra

the shelves. Prices start from about £80 for a perfectly decent, perfectly deadly, Saturday Night Special.

Try before you buy, everyone else does. The street echoes with gunfire as tribesmen heft a prospective purchase, swing it to their shoulders and send a stream of bullets into the hills that loom over Darra. Tight knots of men mull over the merits of stock and trigger action. Delivery is usually "arranged" later, away from tribal customs posts.

Afraid of loud noises? Silencers can be arranged. Or how about a blade? British Commando knives, SS daggers, bayonets, stilettos – all sharpened on the spot and very cheap. Brass knuckle-dusters, coshes, bandoliers, holsters: name your price.

Ingenuity abounds. Rifle mechanisms are hidden in walking sticks. An officer's swagger stick conceals a needle-thin rapier. Cheapest of all – yours for Rp100 (about £2.20) – is the pen gun. Unscrew the barrel, drop in a .22 bullet, reassemble, pull back the spring-loaded barrel top, press the clip to release the spring and the "toy" splits the air with a deafening bang.

Off the main street are the gun "factories", shacks generally specialising in one part of the production process. Here is the man who can hand-rifle a gun barrel, here the man who makes the trigger mechanism. Boys of six or seven squat in the dust polishing walnut stocks to a glistening sheen. In one shack an anti-tank rocket launcher is propped against the wall, complete with shells. Are they live? The stallholder shrugs: he knows a window shopper when he sees one.

There is a small mosque off the main street. In a guest room a village elder offers us sandwiches and garish sponge cakes, and the sweetest of almonds. The Pakistani government prefers to keep Darra off the official tourist track, but the villagers are getting used to their crowd-pulling notoriety, and permits and guides can be obtained – after a little bureaucratic wrangling – through the Khyber Political Agency. Independent travellers can often get through simply by donning the "disguise" of an Afghan hat and cloak – but it is not recommended.

After high tea, more locals demonstrate their machine-guns, then it is our turn. I am too frightened, but others in my group grab the weapons gleefully. The air fills with thunder. Empty cartridge shells rain down. The locals laugh and clap. I retreat behind a pillar, feeling sick.

Andrew Anderson

BOOKS

A many-sided man of letters

***Anthony Curtis** welcomes an admirable new edition of Johnson's correspondence*

THE POPULAR conception of Dr Johnson, derived from Boswell's *Life*, as the great fulminator and layer down of the law, becomes modified when his letters are read consecutively. A new edition of his correspondence, the most complete so far, brings out the many-sidedness of the man: Johnson the loving husband with a sick wife, replaced soon by Johnson the widower who is in spite of his own grief a constant support and morale-raiser for his friends and fellow authors, men and women. Then there is Johnson the freelance who is his own literary agent; and Johnson the dedicated classical scholar, part of an erudite network of friends and colleagues regularly exchanging information. All these Johnsons come through more powerfully than ever before.

Many of the letters are well-known – not just from previous scholarly editions, mainly the one in 1952 from Oxford by R.W. Chapman – but also from Boswell and from being printed in full in books such as John Wain's *Johnson on Johnson* where the texts of letters are taken from the Chapman edition. "Chapman", said Wain, "worked on Johnson's letters from 1919 to 1952; what he did not know about them, I for one am content to go on not knowing."

Not everyone, though, was so content with the Chapman edition. The American Johnson specialist Bruce Redford, professor of English at the University of Chicago, has been hard at work with his students for many years on an entirely new edition of the letters of Johnson and now we have before us the bulk of it in three volumes. This is called the Hyde Edition: it derives from the Hyde Collection partly formed by Mary Hyde Eccles (Lady Eccles) without whose scholarly enthusiasm this new edition would not have been possible.

The first volume begins in 1731: Johnson, recently down from Oxford without a degree, writes from Lichfield to Edward Cave, editor of *The Gentleman's Magazine*, trying to interest him in taking some work. By the third volume Johnson has become a famous man, having made his name with the appearance of his *Dictionary* in 1757. He writes in 1781 to his friend Mrs Thrale, the brewer's widow, assuring her that his affection for her is not diminished. Before his death three years later he will break with her completely.

Redford found Chapman's edition inadequate in several respects. In his three volumes Chapman printed, all told, 1,515 Johnson letters. Redford has discovered 52 more and he "strongly doubts the authenticity" of four printed by Chapman which he has dropped from the canon. A recurrent problem for any editor is Johnson's hand-writing, which is often difficult to decipher. Chapman spotted mistakes made by earlier editors but then went on to make some of his own. His "Mr J Combe", for example, in a letter of 1770, turns out in reality to have been Henry Thrale's nephew, Ralph Plumbe.

Clearly then, Chapman's has now been superseded by this new edition. It will be completed by a further two volumes in 1994, one of letters from 1782-84, and one containing appendices and a comprehensive index. The ordinary reader will wish to ask, is all this no doubt admirable scholarly work of editing going to alter our view of Johnson radically? Many of the texts of the letters do in fact appear here in exactly the words they appeared hitherto, including such famous letters as the one in February 1755 to Chester-

THE LETTERS OF SAMUEL JOHNSON: VOLUMES I-III, 1731-1781
edited by Bruce Redford
Oxford £25 each, c.400 pages

THE JOURNALS OF JAMES BOSWELL 1761-1795
selected and introduced by John Wain
Heinemann £20, 412 pages

field about the *Dictionary* ("Seven years, my Lord have now past since I waited in your outward Rooms or was repulsed from your Door...") and the one to James Macpherson of January 1975 in which Johnson spiritedly refused to retract a single word of his view that the Ossian manuscripts never existed and that the whole thing was a fraud – as indeed it was.

Nonetheless, Redford says of his edition that it "aims ultimately to provide the materials for a fresh assessment of Samuel Johnson, man of letters". Previous editors have, in Redford's view, seriously misinterpreted Johnson's tone in his letters to Hester Thrale, and by reading them in this edition we may now see how crucial these letters were to Johnson's discovery of his own potential. They do not represent a great man humouring a tiresome woman, as earlier editors tended to think, but are evidence of a deep mutual bond. Among the material not included at all in Chapman, there are printed here 12 letters to the novelist Charlotte Lennox, author of *The Females Quixote*. These, says Redford are "outstanding in biographical significance".

The Lennox Collection of 42 letters came to light in the Dunfermline branch of a Scottish bank in 1964 and was acquired by the Houghton Library, where the letters were edited and published by Duncan Isles. His work is fully acknowledged in the copious footnotes to the Hyde Edition. When read in Isles's edition in the *Harvard Library Bulletin*, the dozen Johnson letters in the Collection – the ones printed here by Redford – are seen to dovetail with letters to Mrs Lennox from several other eminent men, such as Lord Orrery, David Garrick, Samuel Richardson, 18th century English gentlemen who went out of their way to aid this gifted woman writer.

This is not to underestimate the importance of placing those letters written specifically by Johnson to Mrs Lennox in the chronological context of his entire correspondence and to find confirmed the admiration that he had for her lively mind. This enhanced view of their relations is one of the fresh perspectives opened for all Johnsonians by the appearance of this new edition.

Johnson and Boswell speak nowadays with two different voices to two different audiences. One voice addresses the professors and post-graduate students whose field is 18th century English literature. The other voice speaks to the audience represented by – in Johnson's own words – the *common reader*. Boswell's *journals* have always been issued in two separate editions, a popular one with a minimum of apparatus, and a scholarly one with the full panoply of footnotes and textual glosses.

The latest book in the popular series is the one-volume selection from all previous editions of Boswell's journals edited by John Wain. Boswell's amorous hopes and disappointments, encounters with the famous and the lowly, as he set them down, are one of the greatest literary bombshells to have exploded in our century. From them Boswell emerged as a person in his own right quite separate from Johnson. We can conveniently sample his whole character here.

A sense of the need for a book about Johnson not seen exclusively through the eyes of Boswell prompted Wain to write a fresh life of Johnson in 1974 and in 1976 to edit the book *Johnson on Johnson* (the 1000th volume in Everyman's Library). The common reader might find the view from its nursery slopes a useful preliminary vantage-point before scaling the majestic heights of Redford's great new edition of Johnson's letters.

Desert cities gamble with change

UNLIKE WRITERS such as Tom Wolfe or Hunter Thompson, who see Las Vegas as an opportunity for satire, David Spanier chooses to give us the straight dope on the place in his loving, informal account, *All Right, Okay, You Win: Inside Las Vegas*. Casting his eye over its daily life, he depicts a city that is shedding its image as a venal pleasure dome in an effort to become legitimate. Gone are the days when Bugsy Siegel and his mobster friends ran the casinos, now replaced by corporate-minded, law-abiding entrepreneurs whose "family entertainment centers" just happen to include slot machines and poker baize. And instead of some pin-striped Mafioso at the baccarat table you are more likely to see a grim Japanese businessman.

The irony of all this legitimacy, of course, is that a high-tech, squeaky-clean Las Vegas might be a contradiction in terms. By replacing Tony the Ant and Jimmy the Weasel with Mickey the Mouse, the people who run Vegas may be sacrificing the city's unique allure in order to make it just another knob on America's increasingly bland national entertainment console.

ALL RIGHT, OKAY, YOU WIN: INSIDE LAS VEGAS
by David Spanier
Secker & Warburg £16.99, 275 pages

LOS ANGELES: CAPITAL OF THE THIRD WORLD
by David Rieff
Jonathan Cape £17.99, 270 pages

Spanier chronicles this metamorphosis with an unblinking, kindly eye. He is as good on the small print as he is on the big picture, showing us, for instance, the distinctly unglamorous life of the "soiled doves", the prostitutes who work more or less legally on the Strip as an adjunct to the gambling. There is also a fascinating chapter on sign making, which has grown into a multi-million dollar business as rival casinos try to out-shine one another with garish neon creations. Spanier is at his best describing the mechanics of gambling, showing how the big casinos walk a fine line between fleecing their customers and treating them like gods. In Vegas, it would seem, chance is an exact science – it is no surprise to learn in this lively, informative book that the man hired to design the modern slot machine was an engineer who had previously spent 20 years at NASA.

David Rieff's *Los Angeles: Capital of the Third World* depicts another desert city undergoing rapid transformation. Rieff's premise is that L.A., swamped by immigrants from the Third World, will soon be a non-white, non-Eurocentric city with closer ties to Tokyo and Mexico than London or New York. Resident whites are confronting this fact with varying degrees of bemusement, from those who throw up electric fences around their properties in anticipation of a coming race war to others who see it as a blessed opportunity to recruit cheap household help (who are now referred to as "enablers", as in "now that I have a maid, I'm able to take up jogging".) Either way, it is a change that even the most blinkered of Beverly Hills residents is going to have to confront eventually.

Rieff's account is exhaustive and often fascinating, offering up compelling facts such as the astonishing news that the L.A. public school system now has pupils who speak 82 different languages. He is also very good at portraying the rather pathetic attempts of liberal whites to deal with the changing face of their city – sampling spicy cuisines and *mariachis* music seems to suffice for most. And yet, though he is alive to the dangers inherent in this demographic upheaval, Rieff remains bullish on its possibilities, seeing the legendary sunniness and mutability of native Angelenos as well suiting them for finally adapting to the inevitable.

What is lacking here is a view from the "other side". By relying so heavily on statistics, published sources and interviews with resident whites, Rieff fails to give a clear sense of what exactly it is that L.A.'s new immigrants are searching for. The emphasis on trend spotting and incisive sociology results in a strangely underpopulated book; a few case studies on individual immigrants would have helped provide a picture of the faces behind the numbers. After all, it is easy to assume they all want a piece of the American Pie: the question that remains unanswered in this otherwise fine book is what sort of pie that might be once somebody else is doing the cooking.

Stephen Amidon

Aspects of love . . .

IN THIS brilliant and imaginative reworking of the central ideas of Freudian theory the philosopher Jonathan Lear arrives at surprising and optimistic conclusions about the human condition. This is a book which is destined to provoke controversy, not just among those with a lively professional interest in its theses, but among the general educated readership for which it is written.

Freud's revolutionary ideas contain, says Lear, three elements: a science of subjectivity; the discovery of an archaic form of mental functioning; and the positing of a basic force of nature. Lear argues that the significance of these ideas was not fully apparent to Freud himself, because his orthodox attitude to science, understood on the positivist model as the discovery of facts in an objective world, prevented him from grasping the true nature of the unconscious mind and its relation to conscious mental activity. A "science of subjectivity" cannot proceed in the standard objectivist way, Lear argues; understanding mental life requires a different approach. His reworking of Freud's theory provides him with the premises for his striking new suggestions about what such an approach involves.

For Freud, the unconscious contains fully-formed thoughts which their owner represses because he cannot bear to acknowledge them. Curing someone of psychological illness is accordingly a process of bringing repressed thoughts to light so that they can be accepted. For Lear, by contrast, the unconscious is not a repository of repressed thoughts but an "archaic" mind; it is the locus of primitive, inarticulate, preconceptual mental activity, which can only be brought into consciousness by a process of development rendering it capable of clear expression. Psychosomatic symptoms and the content of dreams both furnish examples of archaic thinking. Resolving difficulties which arise at this level involves not the uncovering of fully-formed thoughts, therefore, but evolution of the primitive mental material into more developed form, resulting in a unification of thought and feeling which enables the sufferer to understand, and therefore to be freed from, the cause of his suffering. For Lear, as for Jung, psychoanalysis cures by bringing understanding, which in turn results from the cultivation into consciousness of what was hitherto inchoate.

Lear's rethinking of Freud's concepts of the unconscious and the nature of psychoanalytic therapy provides him with materials for what he takes to be an even more important task: understanding how healthy individuals evolve. Freud had postulated a powerful force in nature which he called "Eros", love or the life force, a pervasive expression of which is sexuality, but which he also characterised as love for parents, siblings, friends, and the world at large. In an absorbing discussion Lear argues that this principle is central to an explanation of how people achieve individuality, developing away from their primitive identification with others – typically, their parents – and acquiring a full conception of the self. This happens, says Lear, not as a result of the frustrations which in Freud's theory prompt the "reality principle," but – precisely the reverse – because the development of the infant's conscious mind is stimulated by his parents' responses to his needs for nourishment, comfort and information. A satisfactory parent is one who meets such needs, thereby ensuring that a normal history of survival and growth unfolds. Because children die if they are not well-enough fed, tended and informed, it is a condition of their existence that the world should be a loving enough place to make their existence possible. Moreover, as the child matures further, not just his parents but his world must be concerned and responsive enough to his changing needs for that development to continue. Since people achieve individuality only if the world is a loving enough place, and since most people do indeed mature, it follows that the world is, in at least the right degree, a loving world. And since individual development is a two-way process, with the growing individual caring about and interacting with the world, the world in its turn must likewise be lovable.

LOVE AND ITS PLACE IN NATURE
by Jonathan Lear
Faber & Faber £20, 243 pages

This is the surprising and optimistic result of Lear's ingenious argument and if it is right, we are much mistaken about the kind of world we inhabit. He is a highly skilful philosopher. His fluent handling of the psychoanalytic literature in general and Freud in particular is equally skilful and assured. He has given us an exciting, original, highly readable book which is bound to spur debate and to change thinking in both philosophy and psychoanalysis about the nature of personhood and its relation to the world.

A.C Grayling

The Spring issue of the *FT* Review of Business Books will appear as a tabloid inside next Tuesday's edition, March 24.

Inside the mind of an elusive president

WARREN KIMBALL, an American diplomatic historian best known for his definitive edition of the Churchill-Roosevelt letters, has set himself what many would consider an impossible task. He has sought to identify the basic assumptions that underlay Franklyn D Roosevelt's wartime diplomacy and post-war strategy.

Kimball argues throughout this collection of individual essays written at different times that, behind the President's rhetorical posturings and tactical manoeuverings, there was a constancy of purpose. By looking at the broad shape and long-term intentions of Roosevelt's specific policies, Kimball convincingly lays to rest the old canard that the President was merely reacting to daily events; but he also attempts the far more difficult task of defining "the juggler's" vision of the post-war world, an amalgam between the ideological, the pragmatic and the practical which Kimball calls "Roosevelt's Americanism".

Each essay, based on extensive work in the American archives and with a broad knowledge of the Anglo-American secondary literature, has been reworked to throw new light on the central theme. Kimball writes with verve and energy ; even the extensive footnotes hold one's attention. This book is guaranteed to provoke debate but of a productive kind that will interest British as well as American readers.

If there was a consistency in Roosevelt's activities, it was neither obvious to his wartime allies or even to his fellow citizens. From his own studies of lend-lease and the Morganthau Plan that defeated Germany, Kimball is fully familiar with the strongly supported case for Roosevelt's elusiveness and changeability. The president's treatment of Churchill and Stalin was such a strange combination of ruthless realism and egoistic optimism that conventional characterisations have to be abandoned. Roosevelt's hopes that the "good neighbours" policy of the western hemisphere would become the model for relations between the great and small countries in the rest of the world involved a whole range of unspoken assumptions that have to be teased out of the president's wartime policies.

Kimball rightly insists on Roosevelt's central role in directing American diplomacy despite the smokescreen with which he often surrounded himself. A surprisingly good case is made for the president's consistent espousal of certain causes: his strong and continuous opposition to colonialism and his belief that decolonisation and independence would be an inevitable result of the war. In this essay on "Roosevelt and Colonialism" and in his treatment of the president's appraisal of the Soviet Union's future importance in maintaining the European peace, Kimball makes large claims for Roosevelt's prescience.

THE JUGGLER: FRANKLYN ROOSEVELT AS WARTIME STATESMAN
by Warren F.Kimball
Princeton £16, 304 pages

It is certainly true that some of the assumptions behind Roosevelt's actions, whether successful or not, appear to have been vindicated by the events of the last years. Roosevelt assumed that the Soviet Union would recognise in time the virtues and superiority of the American system and would eventually follow the paths of democracy, capitalism and free trade. Similarly, the Russians, eastern Europe and the British, freed from their crippling colonial inheritance, would learn from the special relationship that the US had created with their continental neighbours. Roosevelt's post-war planning envisioned evolutionary change though hardly, in the Soviet case, the 40 years it has taken.

The Cold War years pushed Franklyn Roosevelt off the centre of the historical stage. Our present image of the president, both in terms of his domestic and foreign policy, was fashioned in the 1960s when the New Deal and Roosevelt's Soviet strategy was subjected to scathing criticism. These diplomatic essays may represent the beginning of a more balanced appreciation of this great, if highly controversial, leader.

Kimball's attempt to systematise Roosevelt's thinking , as the very title of his book acknowledges, is bound to be flawed. Roosevelt never articulated a cohesive philosophy and prided himself on his unusual dexterity. Essays of this kind are suggestive rather than conclusive, and so this rethinking of Roosevelt's war aims is to be warmly welcomed but the verdict remains "not proven".

Zara Steiner

Courage to stay out of the closet

WOULD YOU read a journal with such a title in the crowded compartment of a train? It is a sad truth, but as editor Salvatore Santagati has found to his literal cost, the blazoned word "gay" is a great loser of subscriptions. I put myself to the test for the purposes of this review, and only with difficulty restrained the impulse to hide the cover of this thick new double issue as I browsed through it on the Northern Line.

That is a pity, for Santagati has created and sustained (for some six years now) an interesting, readable, importantly eclectic and cosmopolitan publication, always conscientiously "European" if not outrightly global, "gay" in an unfrivolous, untitillating, wide-ranging sense. The epithet here betokens an informing sensibility rather than an absolute specificity of subject matter or a political project, and though the various essays, stories and poems tend to further the journal's ongoing broad inquiry into homosexuality, they are offered firstly for their literary merit, and ask to be read by all.

For a time Santagati agonized about the propriety of dropping the troublous titular word altogether – plain *The European Review* would still be an honest description of the organ – and it was not an Arts Council funding stipulation or anything like that which induced him to keep it, but a belief in sticking to his guns. In fact he has ceased applying for Arts Council support: meeting the bureaucratic conditions cost more money than the grants were worth. The *Review* does attract a small amount of approving high-class sponsorship, notably from Yves Saint-Laurent; but essentially it has to pay its own way, and apparently breaks even.

Among our enduring literary journals – they are precious few – the *EGR* stands out both for its content and elegant design. William Cookson's *Agenda* and Miron Grindea's *Adam* have alike an appearance of white plainness, and the content of the respective latest issues might be described in a not dissimilar way. *The London Magazine* looks smarter and maintains a certain interest, but is almost too old a friend now; while *Granta* has succumbed to glossiness both of form and content.

EUROPEAN GAY REVIEW, VOLS 8/9
Verlaine-Rimbaud Publishers £11.95

I should declare my hand – I have contributed to a previous issue of the *EGR*. But I do not think I am biased in singling out the journal's appearance for praise, or in suggesting that its content is more wide-ranging and rewardingly unpredictable than that of its rivals. I have in any case criticisms on both counts. For instance, though the cover, type-face and illustrations of the latest issue are beautifully chosen, the text itself is a litter of misprints, a record of over-hasty proofing.

The contributions are as stimulatingly varied as in previous volumes. Big names are again jostled by lesser ones, and the majority of items are special to their context rather than *Granta*-like slices of forthcoming books. Santagati has been remarkably successful in persuading famous writers to produce for him, Thom Gunn's essay on Allen Ginsberg in Volume 5 being an outstanding example; and if there is nothing here of quite that calibre, we can satisfy ourselves with translations of work by three distinguished deceased Italians: poems and a little story by Sandro Penna, a letter to Penna by Eugenio Montale ("I love your aphrodisiac poetry a lot"), and a vivid emotional review of Penna's stories by Pier Paolo Pasolini.

There is a substantial chunk of the editor himself – two stories, a suite of poems and photographs, and a reworking of a passage from St. Augustine. Santagati is an Italian who has elected to write in English as a matter of creative vocation, and achieved results that, while often risking bathos, have a raw and sensual directness of utterance and a formal simplicity that are original. "Frosted Eyes" does not quite work as a story but powerfully expresses an appalled urban weariness. The autobiographical "A First Spring in Sicily" is the pure quivering of an unbandaged soul.

Perhaps the editor obtrudes himself more than is seemly; but there are many other items here to ponder on, whether Andrew Holleran's amusing and sad New York story, "Pornography and Funerals", Gregory Woods's discussion of the poetry of Yannis Ritsos, the fiction and conversation of Swiss writer Christoph Geiser, or Jeremy Reed's fruitcake of an essay about Proust's reliance on drugs. One will after all be too absorbed in reading to notice the looks of strangers on a train.

Paul Driver

The FO mandarins decoded

***Robert Mauthner** enjoys some diplomatic inside knowledge*

MORE THAN any department of state, the Foreign and Commonwealth Office has succeeded in shrouding itself in an aura of mystique and élitism which has elicited both the admiration and irritation of the public and Parliament. In the words of the latest work attempting to break down its hallowed portals: "Those on the inside are bound by a code of confidentiality which inhibits the disclosure of affairs of state in any detail that might be damaging to the best interests of the country. Those on the outside . . . are not normally trusted to have access to anything or anyone in the Foreign Office which could result in the outside world getting to know what is really going on inside."

INSIDE THE FOREIGN OFFICE
by John Dickie
Chapmans £20, 338 pages

Things are not quite as bad as they are sometimes painted, however. Foreign Office mandarins, though often imbued with a sense of their own superiority – just like those of the Treasury or the *grands corps* in France – have proved to be more accessible during the last decade or two. Nowadays, some are even prepared to talk to journalists they know well, ("off the record," of course), though the knowledge imparted in these conversations is only rarely of the kind to produce banner headlines.

John Dickie, the immensely experienced, if sometimes endearingly irascible, Diplomatic Correspondent of the *Daily Mail* from 1960 until his retirement last year, has been more successful than most of his fellow mortals in penetrating the veils of secrecy which envelop Sir Giles Gilbert Scott's impressive Victorian palace in King Charles Street. One of the last of the dying breed of Fleet Street prima donnas, Dickie, habitually sporting a carnation even in the desert, can claim to have covered most of the major international events and conferences of the last 30 years. He has liberally drawn on his long experience, complemented by as many as 150 interviews with senior diplomats, international civil servants and politicians, in his book, *Inside the Foreign Office.*

This is a painstaking and thoroughly researched study of both the way the FO works, the personalities and policies of the Foreign Secretaries who have led it, from Lord Home to Mr Douglas Hurd, and some of the most dramatic events in which they and their officials were the leading actors, the work highlights both the department's strengths and weaknesses.

In particular, Dickie tempers his admiration for the intellectual brilliance of some of the most outstanding mandarins of the period covered – Sir Nicholas Fenn, Sir Michael Palliser, Sir David Hannay, Sir John Kerr, to name but a few of those earning a place in the author's hall of fame – with telling statistics underlining the restrictive nature of the FO's recruitment system. In spite of recent efforts to broaden the selection process, the great majority of candidates recommended for appointments in the Diplomatic Service – about 70 per cent over the last few years – still come from Oxford or Cambridge, while women continue to obtain no more than 30 per cent of the places , at the very most.

Without professing to be a political history of the 30-year period during which the author had a grandstand view of the conduct of British foreign policy, the book affords some illuminating insights into what happened behind the scenes of major events. The patience and dedication shown by Lord Carrington and his officials, including the present Ambassador to the US, Sir Robin Renwick, in negotiating against tremendous odds the Lancaster House agreement leading to the independence of Zimbabwe, is analysed in some detail, as is the same Foreign Secretary's failure to read the writing on the wall before the Argentine invasion of the Falklands.

As one would expect from a journalist, amusing anecdotes are not lacking about "the helmsmen" at the Foreign Office, but he never descends into caricature. Thus Lord Home, whose nomination as Foreign Secretary in 1960 by Harold Macmillan was described by the *Daily Mirror* as "the most reckless political appointment since the Roman Emperor Caligula made his favourite horse a consul," is shown to be a particularly tough and effective negotiator with the Russians, as demonstrated by his expulsion of 105 suspected Soviet agents. Neither is George Brown's often intemperate behaviour allowed to distort the picture of a Foreign Secretary wholeheartedly dedicated to getting Britain into the European Community.

The much-publicised conflicts between the Foreign Office and 10 Downing Street during Margaret Thatcher's last years of office are put in their proper historical perspective. The author stresses that this phenomenon is nothing new. Churchill dominated Eden at the Foreign Office, while he, in turn, did the same to Selwyn Lloyd. Wilson did not hesitate to take over foreign policy in spite of the resentment of his Foreign Secretaries Michael Stewart and George Brown. But at the end of the day, even Mrs Thatcher surrounded herself with Foreign Office mandarins as her close advisers, including, notably, her all-powerful private secretary, Charles Powell. She may not have liked the institution, but she certainly respected and liked its top of the range products.

The newly cleaned 'Fall and Expulsion of Adam and Eve' by Michelangelo in the Sistine Chapel, Rome, taken from a new, illustrated book by Robin Richmond 'Michelangelo and the Creation of the Sistine Chapel' (Barrie & Jenkins, £18.98)

Movie anecdotes

MOVIE autobiographies are one of the mysteries of the age. Why do sensible people like you or I squander our hard-earned book tokens on the burblings of Filmdom's famous, few of whom can string together a cogent literate sentence?

Yet whenever stars and directors let the air out of their egos in print, they find a queue of fans anxious for the exhalations. Fred Zinnemann's new autobiography helps to explain why. Although at first glance the book seems little more than 200 pages of mild-mannered reminiscence, which "grew out of conversations with the film critic Alexander Walker", there are seams of gold.

First, the reminiscences are adorned with photographs, many taken by Zinnemann or from his own collection. Here are the visual footnotes to movie history: Gary Cooper lunching on location with the cast and crew of *High Noon* (his frowning gaze zeroes in on what looks like gopher stew and dumplings); Jane Fonda in *Julia* playing a scene with an unknown newcomer called Meryl Streep; an unknown camera assistant called Nicolas Roeg, later to direct *Don't Look Now*, looking pensive on the set of *The Sundowners*; a not-unknown Frank Sinatra acting up between takes on *From Here To Eternity* . . .

Minor revelations, but they add up. So do the *trouvailles* in the text. Did you know that Zinnemann was an extra in *All Quiet On The Western Front*? That Harry Cohn once defined a documentary as "a picture without women." That Joan Crawford was first choice for Deborah Kerr's saucy role in *From Here To Eternity*? That the Method-trained Rod Steiger unbalanced *Oklahoma!* in Zinnemann's view by acting too sympathetically as the pantomimic villain Jud. That Zinnemann walked out on directing Hemingway's *The Old Man And The Sea* when the studio wanted to use a motor-driven dummy marlin?

Anecdotes. But the anecdotes work at recontouring film history. They may also recontour Fred Zinnemann's place in that history. Not because the author blows trumpets on his own behalf: his style is as self-effacing with pen as with camera. But Zinnemann's undervalued moral honesty, also as evident on page as on screen, looks more appealing as time moves on.

High Noon, his best film, was once the butt of right-wing ridicule for its syndicalist-socialist picture of a sheriff who needed – or thought he needed – his townspeople's aid to quash the incoming baddies. Howard Hawks, outraged at this insult to the lonely hero of Western myth, made *Rio Bravo* as a riposte: a film in which John Wayne goes around town *refusing* people's help. But today, like all Zinnemann's best work, *High Noon* has the simplicity and integrity of great realism. It is the film of a man who grew up knowing tyranny, in an Austria threatened with Nazism, and who learned that popular entertainment could be as potent a weapon as any in fighting it.

FRED ZINNEMANN: AN AUTOBIOGRAPHY
by Fred Zinnemann
Bloomsbury £25, 254 pages

LIFE IS TOO SHORT
by Mickey Rooney
Hutchinson £16.99, 367 pages

NO MINOR CHORDS
by Andre Previn
Doubleday £14.99, 148 pages

CRONENBERG ON CRONENBERG
edited by Chris Rodley
Faber £12.99, 190 pages

The "Why do we buy?" test applied to Mickey Rooney's *Life Is Too Short* gets a different answer. Yes, here is cinema history re-mapped. We have candid pal's-eye glimpses of Judy Garland, Ava Gardner (first wife), Frank Sinatra (first wife's third husband) and others in that incestuous Lotusland we call Hollywood. But no, this autobiography tells us nothing about Rooney himself except that being Irish he will talk you into the floorboards.

The writing style is out of another Mickey (Spillane) by the *News of the World*. "Cannons exploded in my brain. When the cannons stopped, I leaned over and embraced Ava. I moved my lips close to hers and then, for the first time, she opened her mouth to mine and we tasted each other. I explored her mouth and she explored mine. Our passion grew . . ."

Soon with one bound they are tearing off each other's filmy garments and declaring eternal love. The marriage lasted just under a year. Why do we buy this book? Because beneath the catchpenny style and revolving-door romances there are peer-group glimpses of the famous or fascinating – Gable, Chaplin, Astaire, the young Elizabeth Taylor – that we will find nowhere else.

Andre Previn's *No Minor Chords* needs no cine-archaeologist's reason to read. This portrait of the artist as a young Hollywood composer (1948-1964) is mischievously entertaining. Previn, who bears a physical resemblance to a mouse in search of high-quality cheese, knows a tasty story too. As in Rooney's book, everyone in and around Hollywood seems to connect up with everyone else.

Here are L.B. Mayer trashing Jascha Heifetz ("He shouldn't play pieces no one's ever heard of!" he grumbles after hearing the Sibelius Violin Concerto at the Hollywood Bowl); the penny-pinching Heifetz himself holding a yard sale of the gifts he has received on concert tours; Heifetz's friend Arnold Schoenberg all but setting the dog on Previn after being beaten by him at ping-pong . . . Plus Sam Goldwyn delivering Goldwynisms, art connoisseur Billy Wilder being chastised by his wife for buying Egon Schieles ("Good God, Billy, just once can't you buy a landscape") and Vincente Minnelli having a peacock poked in the behind so it will fan its tail for a crucial scene in *Gigi*. All human life, and more.

It is a far cry from the cerebral memoirs of scream specialist David Cronenberg. In *Cronenberg On Cronenberg* the director of *The Fly*, *Dead Ringers* and the forthcoming *Naked Lunch* talks about the art of horror, the horror of art (in his native Canada) and the reason why it does us good to contemplate murder, mutilation and mutation. Why should you buy this book? Because it shows that "down-market" movie genres can sometimes be explored and enriched by an up-market movie intelligence.

Nigel Andrews

ARTS

AS DIANA Ross name-dropped her way into the next song – "Lionel Ritchie wrote this for me in memory of Marvin Gaye" – a kookaburra cackled mirthlessly from an awning gum tree. Has the great soul singer reincarnated as an Australian bird? Fanciful, but no less fanciful than watching the Queen of Motown flashing her Versace *see-through al fresco* in a winery in Western Australia.

Each year the Leeuwin Estate goes black tie, jetting in a musical legend, perhaps Dame Kiri, perhaps Dionne Warwick, for a gala event which is filmed and then sold throughout the world. It is a wonderfully clever marketing ploy. The annual promotional budget for Leeuwin wines becomes self-liquidating.

Diana Ross was vintage stuff. She shrugs off the Supremes early on in a medley; she mechanically airs the latest album; then actually tingles nerves with "The man I love" sung straight to a jazz *trio. But* her biggest number these days is motherhood. After over 30 years and 50 albums the music has become routine; the buzz is from communion with the audience. Diana was soon thrusting deep into the real people at the sides, plucking out babies to croon over. As she brought us up to date with her *family* Ms Ross totally cracked the mystery of stardom. It was a double whammy – smoothly performed crooning by a natural woman.

The Leeuwin concert coincides with the Perth Festival, a pleasantly low key event which for 40 years now has pepped up the pristine West Australian capital. Perth is a city remarkably at ease with itself and its Festival is especially laid back. There is the odd grumble that the over-lapping arts fest at Adelaide attracts most of the attention, but Perth sounds the right cultural notes – Sir Harrison Birtwistle was composer in residence – without trying the patience of the locals.

This *sang froid* in a perfect climate was best shown in Perth's respectful interest in the French performance art troupe Ilotopie. They spent much of their time walking the streets like mechanical zom*bies dressed only in fluorescent* body paint. For their performance in a shopping mall they douched each other in colourful blancmange. Congenitally impervious to this kind of thing, I admit to a frisson of excitement as the most virginal of brides, polyvinyled white to the tip of her bouquet, *stood* motionless in a cage while her jilted lover poured colourful slodge all over her from above. In Adelaide the city lived up to its Methodist roots by arresting two members of Ilotopie for immodesty.

Even *Cementville*, performed by the Actors Theatre of Louisville, failed to shake Perth's good nature. This began sleazy and became progressively more squalid. Four women wrestlers slump into their rat infested locker room in Cementville, Tennessee, which is a dead ringer for Pittsville, Arizona. One has problems with drink; one with money; one with girl friends. The other is black, a *big enough problem in Tennes*see. None has problems talking dirty. There is something irresistibly visual about plays featuring women wrestlers: think of *Trafford Tanzi*. But there the actresses were ring wise; this bunch were unconvincing experts in the head butt or the half nelson.

Writer *Jane Martin* enthusiastically throws in schlock after schlock, notably the Knockout Sisters, a tag team of druggies called in as crowd pleasers, whose mother herds them into the ring shouting "Do it for the white trash". What with a bitten off penis; a crushed pet dog; shootings and strips; drugs and dementia, *Cementville* has all the charm and delicacy of cock fighting in the back of beyond. And yet ... it has a certain hysterical vivacity and with more confident actors would travel well.

Australians are currently racked with guilt at the treatment of the Aboriginal peoples. There is one positive result – every encouragement is given to Aboriginal artists to reach an audience. The Perth based Black Swan Theatre asked one Aboriginal, Jack Davis, to write a loosely autobiographical play which is performed by another, Stephen Albert, and *directed by a third*, Andrew Ross.

Wahngin Country, which translates as "Talking Country", offers the insights of an Aboriginal vagrant. We meet him, literally, first waking up in the bushes in the campus of the University of West Australia and then follow him across its lawns to the bench *where* he passes the day. This is a monologue of the half life of the urbanised, culturally bereft, black man, accompanied by a plaintive didgeridoo. The trouble is that such a life is necessarily boring. His best friends, as he points out, are Johnny Walker, Jack Daniel and Jim Beam, his adventures as limited as his possibilities. Occasionally Davis allows his character to break into poetry and then you can catch the folk memories of a lost race. But *Wahngin Country* never quite becomes drama, staying an interesting diversion on a warm Australian night.

On a modest budget, Perth provides a leisurely, civilised, arts festival. It loses some vivacity by hiving off its fringe, Artrage, to another part of the year, and although it makes obvious financial sense to share overseas arts troupes with Adelaide – 16 events featured at both festivals – it *lessens its impact*. But then Perth is quite happy to be the city apart, looking geographically and economically towards South-east Asia rather than the Pacific, certain that its well mannered rhythms of life are far preferable to the gaudy frenzy of distant Sydney.

Commissioned from the Aboriginals: Stephen Albert in Jack Davis' 'Wahngin Country'

Perth keeps its cool

Antony Thorncroft enjoys a laid back festival down under

Off the wall/**Antony Thorncroft**

Home sweet home

FORGET GALAS at the Garden, or exclusive parties at Glyndebourne: the latest buzz in arts sponsorship is decidedly populist. BT and Mobil have just launched on to the market tours of two of the oldest warhorses in the theatrical repertoire, Agatha Christie's *Witness for the Prosecution* and Brandon Thomas's *Charley's Aunt*.

The companies are not Angels; they are not so silly as to invest in either play. Instead they are giving £100,000 (plus in Mobil's case another £100,000 to spread the promotional word) to independent producers for the joy of being associated with the projects – and to ensure that they succeed.

Touring is a very expensive and risky business these days with the result that theatregoers outside London rarely get to see a play with more than one set and a handful of actors. *Witness*, which boasts a cast of 22 (including prominent TV names like John Barron and Prunella Gee) and two sets, has not been on the road for almost two decades, while *Charley's Aunt* travels with ten players, including Frank Windsor and Gabriella Drake, and three sets. They are penetrating to places which have not seen such extravagance for years.

Witness in particular is an *heroic venture, on the road for* over 40 weeks rather than the usual 12, and playing theatres in Inverness, Lincoln, and the like. Some are so small that producer Charles Vance reckons he would lose £9,000 even with every seat sold: the BT money makes it feasible. Both companies will use the plays *for some gentle local* hospitality, but the main thrust is to prove to employees, who will receive discounted tickets, and shareholders, that sponsoring the arts is not an elitist indulgence for the directors but a joy for all.

For BT the switch is particularly pointed. Until this year the plays it progressed throughout the land were by Shakespeare and were performed by the RSC. The RSC is still looking for an alternative sponsor with £185,000 to finance its threatened small venue regional tour of *Richard III*.

★

Stoll-Moss seemed happy this week with the £12.8m it got *from selling its freehold of the* Coliseum to its tenants, English National Opera. It reckoned that its chances of getting a worthwhile increase in the £350,000 annual rent after the expiry of the ENO lease in 1996 were low, and that the outcry that would have followed the eviction of the company, and the challenge of finding another tenant for a huge, listed, national treasure, were frightening.

'Stoll-Moss seemed happy with the £12.8m for the Coliseum'

Anyway, Janet Holmes à Court, the Australian who owns Stoll-Moss since the death of her husband, is a theatrical groupie, sympathetic to the future of the ENO. At the moment her artistic and finan*cial interests go nicely* hand in hand. The West End is riding the recession fairly well and January was the best ever month financially for Stoll-Moss. There is no intention of selling off any of the eleven theatres left in the group. Indeed the hunt is on for new purchases.

★

This is proving a pleasantly traumatic month for the ENO. Last week it announced "Visions and Voices", its attempt to get pop composers to develop along operatic lines. Last Tuesday it received its freehold. And on Thursday it announced Almeida Opera, a co-venture with the Almeida Theatre. This is a July festival of two contemporary operas, one with music by Nigel Osborne and words by Howard Barker, based on the life of Goya, and another, *Mario and the Magician* by Stephen Oliver, which has been waiting some time for a British première.

This is a happy event for *both companies. The Almeida* received some rare criticism last year when it axed its contemporary music festival – it can now satisfy this select audience – while the Contemporary Opera Studio at the ENO has largely been confined to weekend workshops in rural retreats; it now gets a London showcase. If the response is good these small scale operas will tour the country and enter the international arts festival circuit.

It will be nice if they have some future since the 19-day event is costing over £300,000. The fact that contemporary composers are prepared to labour long to create works with such a limited guaranteed life span underlines their poor job opportunities. As things are the festival is still not fully funded. It is looking for a donor with £50,000 to make possible the planned production of *Mary of Egypt*, with music by John Tavener and words by Mother Thelka. *Mother Thelka is the abbess of* a Yorkshire monastery and has become the favoured lyricist for Tavener, who now concentrates on religious music.

With such a flood of announcements ENO has cancelled the big annual event scheduled for next week – the disclosure of its financial state*ment and artistic plans. Noth*ing sinister in that. Director Peter Jonas expects to show a profit on a difficult year. There is also a good chance that he will make life even harder for Covent Garden by using the money the ENO saves on paying rent to reduce ticket prices.

Screen

From Diner to Bugsy

Nigel Andrews talks to film director Barry Levinson

CONSIDER THIS American career story. A man starts out writing sketches for comedy shows on local TV. He graduates to scripting for Mel Brooks and gets to stab Mr Brooks in the shower in a cameo role in *High Anxiety*. He turns director with a cult teenage-recall film called *Diner*. He follows with two giant box-office hits called *Good Morning Vietnam* and *Rain Man*. He turns round and makes a tiny autobiographical film, *Avalon*. He then turns round again and summons ten Oscar nominations with a big-budget Warren Beatty-starring gangster film called *Bugsy*.

That Barry Levinson, in both career and habitat, is a rule unto himself is clear from his office at 20th Century Fox: lots of friendly clatter, plastic coffee-cups and a tousled Mr L who eats out of takeaway Chinese cartons. Levinson – I met him before *Bugsy* had opened, let alone won a Golden Globe and Critics Prize for Best Film of 1991 – gives the impression of running a cottage industry. But as a film-maker he is more and more fascinated by the way humble human values are corrupted by dwarfing ambitions or cultural tyrannies. *Avalon* was about the curse of TV on postwar family life. *Rain Man* was about the potential curse of a yuppie's greed on an autistic brother. And the potent black-comedy elements in *Bugsy* come from the inner clash between Siegel's vestigial seam of charm and innocence and his giant streak of malevolent ambition.

"What fascinated me is, here was a gangster who wanted to be a film star, who used glamour to disguise his more sociopathic behaviour. I'd always seen gangsters as East Coast: overcoats, hats, the Godfather look. I'd never seen a 'Hollywood' gangster before, a man who needed that finesse and facade in order to function.

"*Bugsy Siegel* wanted to be an actor. But he failed, so he became another kind of star. He built the Flamingo Hotel, which was the foundation stone of Las Vegas, and he took the Hollywood glamour to the desert where he played host to the entertainers."

But doesn't the film itself, especially in presenting Siegel in the ladykilling form of Warren Beatty, risk glamorising evil? "No, I don't think so. The danger is that society itself allows these men to exist. A killer doesn't walk around a party looking like a killer. He can be handsome, debonair; the fact that he is among us and unobserved is what's frightening."

So is the volatile performance the director has coaxed from Warren Beatty. Typically of a Levinson film *Bugsy* itself is as mixed-mood as its main character. "If it works, it's because we've totally broken up the gangster genre. We're more humorous, more romantic, but along with that there's a darker side. It might offend some people who think 'Oh you can only be a comedy or a romance or a thriller.' We're all of those things."

Bugsy, Oscars regardless, has paid for its sophistication by performing unspectacularly at the box office. But then Levinson, with a few lapses, has consistently seemed more interested in selling truth than in selling tickets. Even when *sucked into the rubbish zone*, as with *Young Sherlock Holmes* or the more empty-headed parts of *The Natural* and *Good Morning Vietnam*, he has struggled out again and tried to renew his identity. His Baltimore trilogy – *Diner*, *Tin Men*, *Avalon* – is a unique attempt by a high-profile American director to make a plain-spun movie series about his own home town.

The big films help to finance the small. "There's nothing worse to a studio than a director saying 'I want to do a personal film.' It's almost offensive to them. So by doing a *Rain Man*, it lets you do an *Avalon*." And *Avalon* is all about the kind of processed thinking that mass entertainment encourages and that the studios, Levinson implies, subscribe to.

"The key to that piece was television. TV, I believe, has had an effect we cannot yet understand, in undermining families and all kinds of values. I remember the TV coming into my family's house, all wrapped up like a wonderful gift, and everybody gathered round. I remember visiting my grandfather; he was all alone with the TV on in the background and I thought, 'There is a story here.' An entire sense of communal living has disappeared. People start having their trays in front of the TV; the family dinner, that kind of togetherness, becomes a thing of the past."

The curse of television doesn't stop with the family. "Because of TV today we want to understand everything instantly or we want nothing to do with it. Take advertising. You have to sell your movie in a 30-second slot. How do you do it? You can't. So you simplify and coarsen what it's about. I have a fear we will end up with an age of *Batmans* and *Terminators* and whatever else is high, high concept. I think we're seeing the death of complexity when films like, say, *Treasure Of The Sierra Madre* won't get made any more.

"People have been brainwashed to want great simplicity. How else do you explain that here in America in the 1990s abortion is a major political issue? When there are so many world concerns – famines, wars, economic crises – we're hammering away at abortion. It's because it's an emotional, quick issue and everyone can take sides about it. It's the TV culture. Everything has to march to the signal and tempo it sets."

The same hatred of pre-fabricated ideas and rhythms influenced his direction of *Rain Man*. Inheriting the project from Spielberg, who had worked on it for months but was then obliged to go and make *Indiana Jones 3*, Levinson risked studio odium by throwing out much of the stuff his predecessor had left behind.

"The biggest change was getting rid of the adventure elements. Chases, fights. I said, 'Let's just have two guys on the road.' There's ambitious Charlie, who's got a soft centre. And Raymond, the immovable autistic. Let's have the con man try to con the guy who can't be reached. At some point he, Charlie, will have to turn back on himself because the other guy won't respond. It's like hitting a ball at a wall. So that was what we did. Made it a character study, pure and simple."

Which is what at heart *Bugsy* is. The question is: what *sort* of character? I'm still preoccupied with the glamorised gangster question. *Bugsy* is part of a flood of Mafia and mobster films issuing from Hollywood during the last twelvemonth. What is the attraction? And what does the phenomenon tell us about the world or America itself?

"We are this young country," answers Levinson after a pause, "with no history. We didn't have kings or queens. We didn't have King Arthur. So we've invented our own mythology, which has become part of the genres we work. It may be part of our sick society that we keep dredging up this criminal past. But there *is* a fascination. Maybe we have to know ourselves thoroughly before we can cure ourselves."

Warren Beatty in 'Bugsy': a volatile performance

Radio

Politician from another era

NEWS AND commentaries on the rival manifestos and so on are properly dealt with daily on other pages; but Radio 4's *The Politics of Choice*, presented by Robin Lustig on Tuesdays and Saturdays, is different. It guarantees that no active politicians will take part. The idea is to hear from a democratic sample of voters what matters they think important, then try them out on a panel of non-political experts. The producer is to banish "the spokesmen, the spin-doctors and the sound-bites" altogether, and evaluate each question on commonsense rather than political conviction, a novel form of election coverage. Circumstances kept me from Tuesday's debut, but there is over a fortnight's more campaigning yet.

It was a pleasure last night to turn to a politician of another time and another country in Radio 3's Malraux – the *Man and the Mask*. To be Minister of Culture under de Gaulle may not at this moment seem an outstanding political fulfilment; but Malraux's promulgation of music and theatre, even his splendid campaign for the cleaning of public buildings, are achievements any such minister might be proud of. (If only he could be on a *Politics of Choice* panel!) Both in his own original work and in his criticism of others', he attracted mistrust as well as admiration, but he was a provocative figure either way, a sort of French blend of Michael Heseltine with Graham Greene. Richard Maynes's profile, in which he included the voices of many contemporaries, as well as Malraux's own brisk talk, was as stimulating as its subject.

"I found Shakespeare extremely easy," Janet Suzman said to Sue MacGregor in last week's *Conversation Piece* (Radio 4, Sunday). "In Shakespeare you're not playing sitcom characters, they're much larger than you are." Miss Suzman, who graduated from Johannesburg to the RSC, said other, wiser things, and I hope her feelings for the South African theatre will have survived Tuesday's vote. But there was better talk about Shakespeare in Radio 3's *Replay* on Sunday, an interview with Tyrone Guthrie recorded in 1964. Sir Tyrone went from memories of Ben Greet to his twelve years at the Old Vic. If I had a bigger house, I'd have a library of *Replay* tapes. This week's *Conversation Piece* was with a lady Detective Chief Inspector. I wouldn't collect those.

I did not care for Louis McNeice's Columbus play last month, nor did I much like Craig Warner's *A Sense of Things Moving Forward* (Radio 4, Sunday), which covers some of the same ground. Warner's arrogant Colon (Columbus to us) regards his new lands chiefly as a source of gold, which is in fact lacking. He sends Queen Isabella a cargo of 500 brown slaves instead; they die on the trip, he is sacked. But the Pope takes his side – unaware, perhaps, of his cruel activities in his new territories, such as hanging Torres, the linguist who could not teach the natives how to conjugate irregular verbs, and allowing natives to die from their execution unbaptised. The Queen forgives him on his deathbed. There is a fanciful element in the writing, that takes in ghosts and dreams. Andy Jordan directed; he was lucky to have Ben Kingsley as his Colon, and I imagine that Frances Barber's curious screaming Queen must have been a directorial emphasis.

Wally K. Daly's *The Broken Butterfly* (Radio 4, Saturday) was the sequel to his *Butterflies Don't Count*, which I mentioned last week, but it didn't make it clearer. The murderer who had confessed and been refused absolution had been convicted, then escaped from gaol. Sure that the priest had shopped him, he resolved to kill him, killing having become part of his political life. The story, with an IRA background, was rousing, but sometimes too black-and-white. It did indeed end with a shooting in a confessional, but not the shooting of the priest. David Hitchinson directed both plays.

B.A. Young

Strong on the Renaissance

Nicholas Powell sums up the mood at the Maastricht Art Fair

WITH attendance up by 20 per cent on 1991 and business reportedly well in excess of last year, the week-long Maastricht European Fine Art Fair should bring some continental economic cheer to its 31 British participants by the time it closes tomorrow evening.

The show has been attended by 144 dealers from ten countries. Buyers were mostly Belgian, Dutch and German, along with some Italians and Spaniards. Highly specialised art collectors came from as far afield as the US, Japan and Hong Kong: dealer Edward R. Lubin from New York, specialising in Renaissance works of art, said he had chosen Maastricht as opposed to the more ostentatious Paris Biennale antiques fair for his first European venue, for precisely that reason.

Curators were busy buying, too. During the first 48 hours of the fair, the Antwerp gallery, *J. Zeberg, sold a 15th cen*tury Nottingham alabaster sculpture and a magnificent Fontainebleau walnut cabinet, c 1580, to European museums.

This year, Maastricht sported a new jewellery department grouping the world's four biggest firms, in which the *brightest sparkles came from* Harry Winston's shamelessly camp lifesize pair of Judy Garland's ruby slippers. There was real art in the fair's other new section, "Gravura," comprising five stands devoted to works on paper and books. Siegfried Billesberger, from Munich, had brought along extremely fine German and Italian drawings and rapidly sold a Van Gogh pencil sketch to a Spanish collector for a hefty DM200,000. Wolseley Fine Arts from London fielded an attractive choice of late 19th century and early 20th century French drawings.

Maastricht's Textura section, the biggest and best quality concentration of textile dealers anywhere in the world, this year housed Renaissance specialist Bernard Blondeel from Antwerp, selling among others a pair of late 16th century Mille Fleurs tapestries from Bruges for £600,000.

Maastricht remains unaccountably afflicted with poor *quality contemporary* art stands, and there is still little furniture to be seen. Prinz und Moeller from Hamburg, however, had lots of very glossy Biedermeier and Gloucestershire dealer, Michael Golding, of Huntingdon Antiques, is showing an outstanding selec*tion of late medieval* and renaissance English furniture, which British museums would, presumably, kill for, if they had any money.

Old Master paintings and drawings, occupying roughly half the stands in the fair, remain very much the hallmark of Maastricht, and there are some great and unusual works poking through the acres of Dutch tulips in vases and merrymaking Flemish peasants. The London firm, P & D Colnaghi, returned to Maastricht after missing last year with a poignant and exquisitely coloured Holy Family by Hendrick Bloemaert, signed and dated 1635, which sold to a private collector within hours of the opening. Galerie d'Arenberg from Brussels were on the look-out for sellers as much as for buyers, and had ideal museum material to hand with a "Noli me tangere" by Janssens Wildens, c 1620 for BFrs10m and a Virgin and Child by 17th century French painter Simon Vouet for BFrs28m.

Other dealers had trimmed their sails to suit a North European clientele. Galerie de la Scala from Paris brought Dutch drawings and two extraordinary paintings – *Saint Gregory by the 17th cen*tury Dutch artist, Matthias Stomer, at FFrs2m and a very rare 17th century work by Jacob Cuyp, better known for his portraits, of two leopards (entitled "Two Tigers") for FFrs3m.

There were exceptional art objects on display, too. Galerie Neuse from Bremen showed Augsburg silver and beautifully fine South German baroque ivory sculptures. Axel Vervoordt, who deals from his own castle near Antwerp, made his booth into a sort of "wunderkammer," lining it with 18th century French bookshelves laden with an eclectic choice of objects and 18th century silver.

Old Masters dealer Richard Green from London, who has shown at Maastricht since 1972, sold six paintings this year. He said trading for art up to $0.5m was no problem. It was proving less easy up to $1m and tricky above that figure, he said. "The quality is excellent. This is a top fair, which lives up to its expectations. It's not only what we sell that counts, it's the aftermath, the ongoing interest, the deals that happen afterwards which are important."

Dance of death, betrayal and remorse

***Clement Crisp** hails 'The Judas Tree', Kenneth MacMillan's new work for the Royal Ballet*

SIR KENNETH MacMillan's *The Judas Tree* was given its first performance by the Royal Ballet at Covent Garden on Thursday night. On its most immediate level it concerns harsh and all too familiar incidents of urban brutality. Jock McFadyen has made brilliant designs of a building site – ladders, walk-ways, unfinished walls, two derelict motor cars – peopled by a group of workmen under a foreman (Irek Mukhamedov).

A girl, Viviana Durante, is brought in, sexually predatory and flirtatious, who provokes jealousy between the foreman and one of his friends (Michael Nunn). She is eventually subjected to gang-rape by the men, is killed, and the foreman accuses his friend of her death. The friend is murdered. The foreman hangs himself. The girl reappears as a grieving memory and reproach for what has happened. The curtain falls.

Violence is the common-place of life in many cities: last week a report told of appalling gang-rape in the Halles district of Paris. MacMillan's argument – and it is one sustained with extraordinary choreographic imagination – is that beneath the animal crudities of the incident, we may learn about the human condition, and a continuum of human suffering and remorse. This he relates through a series of emotionally resonant images, and through actions mysteriously and subtly revelatory of his larger theme.

Betrayal is explicit in the narrative. In Mukhamedov's staggering performance – the role is black in tone, but shot through with the man's need for love and his mistrust of that love – we know both sympathy and despair (but mainly sympathy) for this combination of brute power and vulnerability. With Durante we see a girl whose sexual bravado and street-smart personality are a mere shell which is shattered by her terrible suffering. In her relationship with every man on stage (she is one woman faced with 14 men) we must consider both the battle between the sexes and a battle for sexual equality – or supremacy. When she first appears, she is carried in under a white sheet, and at moments throughout the action she dons this as a symbol of her untouched and, I would suggest, inviolable femininity, which must eventually be recognised as that of a mother. That, at the end of the piece, she acquires yet another identity – the grief-laden figure of the *Stabat mater* – is the haunting last note of the ballet.

For, at the deepest level of MacMillan's creation, lies the historical Judas. The references are fleeting, but clear. After the girl's death – and it has been mysteriously presaged by Mukhamedov's drawing round her recumbent body with chalk, just as police used to outline the body of a corpse – Mukhamedov betrays and accuses Nunn with a kiss. Nunn's body is placed in one of the ruined cars at the back of the stage – a latter-day Christ in his tomb – and Mukhamedov, like Judas, hangs himself. It is then that Durante, draped in the unstained white of the cloth, stands like the Virgin Mother.

These various levels of interpretation would be mere cleverness were they not shown to us in dance of the most searching – and revealing – imagery. Identity, motive, feeling, speak through movement unfailingly expressive. Durante's ambiguous relationship with Mukhamedov and Nunn is made clear to us as Nunn carries her above the recumbent Mukhamedov, her feet treading over the his body. (A woman aggressively "walking over men" is a recurrent image). The weak "friend", so well played by Nunn, is given a questioning, ambiguous solo in which his indecisions are exposed. (He finds refuge with Durante under her white sheet, who thereby becomes a mother-figure.) The group of workmen indulge in games, races, that speak of suppressed sexual energy, undirected physicality, ill-defined but pungent menace. Mukhamedov is by turns dominant – astonishing in physical prowess – and broodingly dangerous as he "fingers" a character in accusation.

There is much to discover in the dance. With *The Judas Tree* MacMillan has again challenged ballet's perceptions about its own identity: he shows the human condition, in actual and symbolic terms, as the central matter of a dance theatre that he continues to enrich. He has also brought two welcome new talents to the Opera House stage. Jock McFadyen's designs are bold, sure.

Brian Elias' score is powerful as drama atmospheric in sonorities, providing an urgent motor force for the action. The Opera House orchestra under Barry Wordsworth were fine advocates for it, in an evening which also brought distinguished accounts of Stravinsky's violin concerto and Bizet's symphony in C. Of these, and their bright danced performances, I shall hope to report after a further viewing of this triple bill – which I would urge dance-lovers to see. The interpretations given by Durante, Mukhemedov Nunn, and their colleagues in *The Judas Tree* are magnificent.

★

Alastair Muir

Irek Mukhamedov and Viviana Durante in the Covent Garden premeire

Brian Elias' score for *The Judas Tree*, writes Andrew Clements, is a sustained and often striking achievement, far more direct in its imagery than his earlier orchestral works. Given a totally free hand by MacMillan, Elias has produced a continuously unfolding span of music, whose events were apparently informed by a private scenario of the composer's own devising, but one which makes perfectly coherent sense as an abstract musical argument.

With a five-part structure containing a set of variations, fully worked slow movement and a tumultuous coda which pulls together many of the musical threads, there is more than a hint of a latter-day symphony behind *The Judas Tree*. It is a feeling enhanced by the carrying-over of thematic shards from one section to the next binding the structure ever tighter.

Many of the ideas are vivid; much of the melodic writing, for woodwind especially, has a sharp tang. Doubts about the pacing creep in shortly before the climactic coda, for the fourth section seems heavy on noisy, routine rhetoric in contrast with the thoughtful plotting of the earlier argument.

There is plenty to absorb however, and ample substance to justify a transfer to the concert hall, where the proof that Elias' images are as compelling and haunting as MacMillan's choreographic ones could finally be tested.

Characters do furnish the play

***Malcolm Rutherford** on a starry Heartbreak House*

YOU CAN see why George Bernard Shaw thought *Heartbreak House* was his best best play. It is even more evident from the preface than from the piece itself. The former is all about the state of England, Europe and the theatre before and during the first world war. The play was written during the war, but performed only afterwards.

The preface explains why. The last act features a German bombing raid, the exhilaration of which is almost welcomed by some of the performers. Shaw wrote that on any night the Germans might have turned it "from play into earnest, and even then might not have waited for their cues."

The preface is a very serious piece of writing. "Only those who have lived through a first-rate war, not in the field, but at home, and kept their heads, can possibly understand the bitterness of Shakespeare and Swift, who both went through this experience."

The play takes a long time to build up. Shaw is writing about what he called the "cultured leisured Europe before the war." He claimed that "power and culture were in separate departments", though with the occasional overlap. Heartbreak House, the place rather than the play, is where the overlap sometimes happens. The family is eccentric, living beyond its means, with servants but no money. Meals have become a problem. The family entertains a businessman cum cabinet minister. He, too, turns out not to have any money and, what is worse, to be lacking in social graces. He runs away, and is killed in his shelter when the bombs fall.

Where the play excels is not in the portentousness of an image of old England, but in the collection of characters. They are all marvellous parts, and that is largely what Trevor Nunn's new production at the Haymarket is about. Almost everyone is a star and if they were not already established, they would be after this show.

Vanessa Redgrave plays Hesione, the elder and more eccentric of the two Shotover daughters. She can have enjoyed few greater pleasures on stage than when she speaks the line: "You are the most uninteresting man on earth." Ms Redgrave is devastingly good throughout. Felicity Kendal plays her younger sister, Ariadne. For my taste, her voice has become too high for the part. That shows when she comes to the famous lines about the house lacking horses. She seems more accustomed to the salon than the saddle. Nevertheless, she looks terrific and moves superbly.

Even the smaller parts glow, down to Joe Melia who has wonderful 10 minutes in the second act as ther burglar. The disappointment is Paul Scofield as the 88-year-old Captain Shotover. I do not think that it is his fault. It is just that this is the part where the play shows its age: the sententiousness and the excessive length of the piece begin to obtrude. In the old days it might have been the central role. Nowadays nobody is much interested in the old man's experiments and bum philosophy any more: *Heartbreak House* seems more a play about the women, including the young Ellie Dunn (Imogen Stubbs) as well as the two sisters.

Trevor Nunn does not just stick the stars on the stage; he also directs, and never more so than in some of his stage groupings. Shaw said that the play harked back to King Lear and his three daughters. Nunn's production and his handling of the women reminds one much more of the witches in *Macbeth*; certainly not hags, but dangerous when let loose and even more so when conspiring together.

Some like it Wilder

THAT'S THE trouble with re-doing *Some Like It Hot*. Almost everyone who goes to the Prince Edward Theatre will have seen Billy Wilder's movie comedy – and presumably enjoyed it as much as everybody else, if they are going again. Even with a better show, and with generous good will, the interval was always going to be a-twitter with odious comparisons. Yet for what it is, the show is not at all bad (though in the first half the frantic determination of the cast suggested that they might have their doubts); quite a lot of people may enjoy it.

Tommy Steele directs and takes the Tony Curtis role in a musical version first tried in New York in the early 1970s: score and lyrics by the reliable Jule Styne and Bob Merrill, book "based on the screenplay". The sea-change has been been considerable, whether on the Atlantic crossing or during the original musicalising – probably both. Certainly the film was richer and stranger; making time for all the singing and dancing here incurs much trimming and simplifying, and some of the new repartee is of numbing crudity.

Though film can manage things that the stage cannot, the designers of the show (Terry Parsons and Nick Richings) strike back vigorously with a bright, brisk series of period-tacky sets, and then a terrific car-and-cycle chase which cheekily uses film. The chorus of Hoods, Broads and Musicians look satisfyingly peculiar, and downright etiolated in their Florida swimsuits – not a bit like a well-scrubbed, sedulously tanned Broadway chorus.

Norman Maen first assigns them a leggy nightclub-dance, preening and funny, and then gives the men an antic number for "Penniless Bums", one of Styne's neatest contributions. Later the choreography grows more ordinary, though the dancers do their best to give it a specious fizz. Better than end-of-pier, but an aeon behind *A Chorus Line*: and wasn't *that* 20 years ago already?

A basic proposition of the movie was that the Curtis and Jack Lemmon characters were doleful, harried and – with good cause, in view of the pursuing gangsters – perpetually *nervous*. When Steele bounces on with his phosphorescent grin, a sort of Bermondsey Cat's smile which at each entrance seems to precede *him* by a good two feet, the premises are instantly altered. He brims with winning confidence, agelessly sparky and trim. (Just once in a while, the effect was slightly macabre.)

Since he has to have a big tap number, the title song is enlisted for the purpose and everybody else joins in. Coming late in the action, that puts the story on hold when it needs to be hurtling along. Furthermore, it leaves Steele and his sidekick Billy Boyle – large and discouraged but comically graceful, even subtle – doing full-dress professional drag acts, without a shred of excuse in the story nor their hapless characters. British pantomime takes over.

Mandy Perryment strives gamely to recapture the dizzy Marilyn Monroe *persona*. On opening night she began like a Speak Your Weight machine on fast-forward, but later she relaxed enough to emit some bemused human signals. Her lusty, fuddled old Croesus is Royce Mills, who sports an arthritically horny edge and can sing, and there are ripe supporting cartoons from Veronica Clifford and Edward Phillips.

David Murray

Brussels sprouts new music

***Andrew Clements** on Dusapin's Medeamaterial at Ars Musica 92*

BRUSSELS in March may not be quite as unprepossessing as Huddersfield in November, but it still seems an unlikely location for what has become one of Europe's most significant festivals of contemporary music. In terms of scale and enterprise Ars Musica now rivals Strasbourg, Donaueschingen and the Venice Biennale, and if it still remains scarcely known by the British that cannot be because of its neglect of British music – James Dillon was a featured composer last year, Ferneyhough is strongly represented this, while Jonathan Harvey's works have been included in each of the four festivals so far.

Though centred on Brussels, events take place in Liége as well, utilising the resources of the conservatories and of Belgian Radio, together with an impressive roster of visiting ensembles. Ars Musica 92 runs from March 9 to April 2 and carries the title of *La Voix du geste*; this time Charleroi/Danses and the Plan K visual arts events have been brought under the same festival umbrella, and the involvement of the Théâtre de la Monnaie's with its new double bill of Dusapine and Purcell adds yet a further strand.

There are retrospectives this year of Kagel, Kurtag and Nono, but the most important premieres belong to younger generations, and to Pascal Dusapin especially. This weekend his huge "operatorio" *La Melancholia* will be heard in Brussels after its premiere in Paris. Together with the Monnaie's staging of his opera after Heiner Müller, *Medeamaterial*, it bring Dusapin's development right up to date.

In Britain we know the music of Dusapin (born in 1955) from a handful of performances, chiefly by Richard Bernas and Music Projects. His larger-scale pieces, including an opera *Roméo et Juliette*, premiered in Strasburg in 1988, remain unexplored here. Yet as one of the leading lights of a talented generation of French composers, and one of the very few pupils of Iannis Xenakis, he amply deserves further exposure. The new opera, roughly an hour long, is a fascinating, sustained piece of theatre. *Medeamaterial* is a short prose text by Müller, part of his trilogy about the Jason and Medea myths. It is essentially a monologue built around Medea's final moments, ending with the murder of her sons and her own suicide.

Hilde Leidland as Medea

Dusapin confines the brief contributions of the Nurse and her husband Jason to off-stage pre-recorded voices, and concentrates musical attention upon Medea. In this stage version directed by Jacques Delcuvellerie with designs by Johan Deanen, she has an onstage double, a silent actress, as if a modern-day Medea summons the shade of her classical antecedent to articulate her own despair while she writhes around the stage her soprano *alter ego* delivers the monologue. It is a *tour de force* for the singer, the compelling Hilde Leidland, and for Dusapin, who paces it wonderfully, extends some beautifully judged vocal lines, and underpins them with the most telling discreet orchestral textures. There are brief instrumental interludes, strange otherworldly, vaguely Moorish dances in which the quartet who seem part of the contemporary Medea's entourage circle and menace her shade, but otherwise the piece moves on a smooth musical curve that seems almost self-contained.

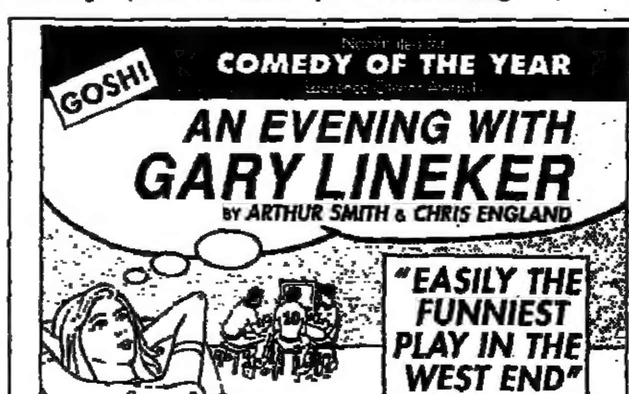
The Dusapin was commissioned by the Monnaie specifically to be coupled with *Dido and Aeneas*, making up a double bill of operas about tragic Classical heroines. So Dusapin's imaginative scoring uses the same period-instrument band, the Orchestre de la Chapelle Royale from Paris, conducted by Philippe Herreweghe, and the same chorus in the pit, the Collegium Vocale of Ghent, as well as a staging very obviously twinned with that concoted by Delcuvellerie for *Dido*.

But whereas the Medea story was projected into the present, *Dido and Aeneas* kept its period trappings, with much use of frames within frames – proscenium arches replicating themselves upstage, a bank of television screens endlessly reproducing images of breaking waves, guttering candles, falling rose petals – and a good deal of camp stage business. The central performances were strong and sensible, especially Marianne Rorholm's cool and secure Dido, and Donna Brown's elegant Belinda: but Ralf Popken's Sorceress was miles over the top and he/she was abetted by two witches (Michele Patzakis, Zofia Kilanowicz) with Dolly Parton-style cleavages (false, one assumes) and accents to match. It was the Dusapin, though, that one remembered, for its consistency and confident pacing, much more than for its *mise en scène*.

A much less ambitious piece of Dusapin, *Stanze* for brass quintet, opened a concert last Saturday evening by the Ensemble Intercontemporain under Ingo Metzmacher in the magnificent concert hall of Belgian Radio's old headquarters. Their programme also included Magnus Lindberg's *Joy*, which the London Sinfonietta brought to the Queen Elizabeth Hall two months ago, and Barraqué piece somewhere in its programme, and *Temps restitué* remains the most arcane and rarely heard of his half dozen completed pieces.

Like all of Barraqué's works based upon Hermann Broch's impenetrable novel *The Death of Virgil*, it had a protracted gestation, first completed in the late 1950s and reaching final form ten year later. In performance now it seems costive, highly wrought and rather brittle. There is the high dramatic density that is so thrilling in all Barraqué's scores: the sence of extreme emotion forced into tight structured paragraphs, the extravagantly lyrical vocal lines, the explosive writing for percussion. But here it was abrupt and never convincingly sustained, coming across as certainly the most problematic of Barraqué's works, and the first to make one doubt his special stature that has been taken on trust for so long.

Chess No 915: Kxf6? 2 Rxe6+ Bxe6 3 Qxe6+ Kg7 4 Qf7+ leaves White a pawn up with a winning game. Instead 1...Rxh4+ 2 Kg2 Bh3+ 3 Kh1 (3 Kh2 Bf1+) Qxg3 wins since 4 Bxe6+ Bxe6+ leads to mate.



TELEVISION

SATURDAY

BBC1

6.35 Open University. 7.25 News. 7.30 Crystal Tipps and Alistair. 7.35 Wiz Bang. 7.45 Bravestarr. 8.05 Eggs 'n' Baker. 8.35 Thundercats. 9.00 Going Live!

12.12 Weather.
12.15 Grandstand. Introduced by Steve Rider. 12.20 Rugby Union Preview. 12.25 Racing from Newbury: at 12.30 The Mitsubishi Shogun Trophy. 12.40 Rugby Union/Football: Previewing this afternoon's rugby matches, and reviewing the FA Cup quarter-final replays. 12.55 News. 1.00 Racing: at 1.05 The Highland Spring Handicap Hurdle. 1.15 Rugby Union/Football. 1.35 Racing: at 1.40 The Hoechst Panacur EBF Novices Hurdle. 1.50 Rugby Union: Live coverage of the Five Nations *Championship match between* Wales and Scotland, with commentary by Bill McLaren and Phil Bennett. Plus, highlights of France v Ireland. 4.15 Athletics: World Cross-Country Championships from Boston. Liz McColgan runs for Britain. 4.40 Final Score. Times may vary.
5.05 News.
5.20 Regional News and Sport.
5.25 Stay Tooned!
5.50 Big Break. Jim Davidson is joined by snooker stars Mike Hallett, Tony Drago and Dennis Taylor.
6.20 Noel's House Party.
7.10 Film: Batteries Not Included. An unscrupulous landlord sends thugs to clear the last tenants from a crumbling building, but the residents get help from an unlikely source — a pair of mischievous aliens. Starring Hume Cronyn, Jessica Tandy and Frank McRae (1987).
8.55 News and Sport; Weather.
9.25 Moon and Son. Stolen diamonds and a French Legionnaire cause problems for the Moons. Millicent Martin and John Michie star.
10.20 That's Life!
11.00 Midnight Caller. Ghosts from the past return to haunt Killian when a colleague is accused of murdering a Vietnamese family during the Vietnam War.
11.45 Film: Nothing But the Night. The trustees of an orphanage die in mysterious circumstances, and the orphans themselves are thought to be responsible — but the cause is far more sinister. Starring Christopher Lee and Peter Cushing (1975).
1.05 Weather.
1.10 Close.

BBC2

6.40 Open University.

3.00 Mahabharat. (English subtitles).
3.40 Film: My Little Chickadee. Vintage comedy, with WC Fields and Mae West hamming it up in the Old West. Together they unmask a small-time villain (1940).
5.00 Athletics. Live coverage of the men's World Cross-Country Championship. Plus, highlights of the women's race where Liz McColgan strives to add to her impressive season's achievements. The action comes from Boston, USA.
6.25 Late Again. Selection of highlights from last week's editions of The Late Show.
7.10 News and Sport; Weather.
7.25 Fine Cut: Forest of Bliss. Robert Gardner presents his view of the Great Cremation Ground at Benares, India, where priests perform age-old rituals — cremating the corpses of devout Hindus and scattering the ashes on the sacred River Ganges.
8.55 Film: The Cotton Club. Trumpeter Dixie Dwyer (Richard Gere, who plays his own cornet solos) saves a gangster's life and becomes involved in the criminal underworld. Francis Ford Coppola drama, also starring Gregory Hines, Bob Hoskins, Lonette McKee, Diana Lane, James Remar and Nicolas Cage (1984).
11.00 Guitar Legends — Rock Concept Night. Fourth concert from Seville's Expo '92 celebrations. Featuring a stylistic mixture of guitarists including Robbie Robertson, Roger McGuinn, Richard Thompson and Roger Waters. Plus, an appearance by Les Paul, virtual inventor of the electric guitar.
12.35 Close.

LWT

6.00 TV-am. 9.25 Motormouth. 11.30 Zorro. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.
1.05 LWT News; Weather.
1.10 Saint and Greavsie. All the week's football action, and a couple of surprise studio guests. Plus, a profile of former England star Mick Channon, now a successful racehorse trainer.
1.55 The Day.
2.00 Tournament of Champions. Former Olympic Champions in head-to-head ski competitions with prize money totalling £150,000.
2.55 Open Mediterrania Golf 1992. Ian Woosnam defends the championship he won in France last year.
3.35 Film: Deadly Nightshade. starring *Emrys Jones (1953).*
4.45 Results Service.
5.00 ITN News; Weather.
5.05 LWT News; Weather.
5.15 10 Sharp! With Pat Sharp.
5.25 Baywatch.
6.20 Family Fortunes.
6.50 Murder, She Wrote. Angela Lansbury stars.
7.45 Stars in their Eyes.
8.15 The Brian Conley Show. Brian contends with four highly-trained SAS men in his Dangerous Bit and looks at home security in Handy Hints.
8.45 ITN News; Weather.
9.00 LWT Weather.
9.05 Guests of the Emperor. First of two parts. Gripping World War Two drama centring on a women's PoW camp in Japan. Female expatriates, caught during the fall of Singapore in 1942, fight to survive the merciless brutality of their captors. True story, starring Annabeth Gish, Gena Rowlands and Chloe Webb.
10.05 Aspel and Company. Warren Beatty drops in to chat about his new film, Bugsy, and his latest role — as a father.
10.55 Metro. Ian Drury goes behind the scenes at London's Coliseum theatre and looks at the London performance club scene. With music by Tori Amos and Nana Vasconcelos.
11.30 Tour of Duty.
12.30 Get Stuffed.
12.35 WCW Pro Wrestling.
1.25 Get Stuffed; ITN News Headlines.
1.30 *New Music; ITN News Headlines.*
2.35 Bhangra Beat.
3.00 American College Football.
4.00 Coach.
4.30 The Hit Man and Her.

CHANNEL4

6.00 Early Morning 9.30 Disabling World: Eurosigns on the Tyne. 10.00 Our Olympics. 10.30 Film: Great Guns. 11.50 Gustav Looks for a Job. 12.00 Get Smart. 12.30 pm The Beverly Hillbillies.

1.00 Film: Phffft! Divorced couple try to find out what they've been missing. Comedy, starring Jack Lemmon and Judy Holliday (1954).
2.35 Sense of Responsibility. Cartoon.
2.45 Racing from Doncaster. Including the 3.00 Tetley Bitter Doncaster Mile, 3.40 William Hill Lincoln Handicap, 4.15 Cammidge Trophy and the 4.45 Insurex Expo — Sure Group Handicap Open.
5.05 Brookside.
6.30 Right to Reply. Claire Rayner's reaction to criticism of her role in a sanitary towel advert.
7.00 A Week in Politics. Vincent Hanna and Andrew Rawnsley look back at the first full week of the election campaign, including interviews with representatives from the three main parties. Plus, a look at the political career of Michael Foot, who retires at the Election, the last of the 1945 intake to leave the House.
8.00 TV Heaven: Introduction. Classic entertainment from 1970.
8.05 On the Buses. Popular and enduring British sitcom, starring Reg Varney and Bob Grant as Luxton Bus Company's likeable but least efficient pairing. In this episode, the company struggles to cope with new technology.
8.55 The Tribe That Hides from Man. Compelling documentary following a two-year expedition to find and protect an elusive Amazon tribe whose way of life has remained at Stone Age level.
10.20 Manhunt. Tense espionage drama about three people on the run in occupied France. Noted for having just five lines of dialogue. Peter Barkworth, Alfred Lynch and Brian Cox star.
11.25 Court TV: America on Trial. A Cincinnati basketball star is charged with rape and sexual assault. This case, along with the William Kennedy Smith and Mike Tyson trials, helped fuel the controversial debate in America over court actions of this kind.
12.25 Film: The Big Shot. Ill-fated villain has trouble with women and *friends. Gangster movie, starring* Humphrey Bogart. Part of the Public Enemies season (1942).
1.55 The Word.
2.55 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
11.30 The Munsters Today. 1.05 Anglia News. 1.55 The A-Team. 2.50 Cartoon Time. 3.05 Carry On Cruising (1962). 5.05 Anglia News and Sport 5.15 Cartoon Time. 10.55 One to One

BORDER:
1.05 Border News. 1.55 European Golf. 2.35 Out of Limits. 2.40 Woman of Straw (1964) 5.05 Border News and Weather 5.15 Cartoon Time 10.55 Men 11.50 Murder One. (TVM 1969)

CENTRAL:
11.30 The Munsters Today. 1.05 Central News 1.55 Great Planes. 3.00 Davy Crockett (1955) 5.05 Central News 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch 9.00 Local Weather. 10.55 The Osterman Weekend. (1983)

CHANNEL:
11.30 Superman 1.05 Channel Weather 1.55 The Ultra Sail Grand Prix. 2.25 McCloud: The Great Taxicab Stampede. 3.45 The A-Team 5.05 Channel News 5.10 Puffin's Pla(i)ce. 5.15 Cartoon. 10.55 Tonight in Comedy.

GRAMPIAN:
11.30 Dinosaurs. 1.05 Grampian Headlines 1.55 Abair! 2.15 Crann Tara. 2.45 Superstars of Wrestling. 3.45 Champions of Grampian 5.05 Grampian Headlines 5.10 Criomagan 5.15 Cuirm Cloirne. 9.00 Grampian Weather. 10.55 Matlock. 11.50 Murder One. (TVM 1969)

GRANADA:
11.30 Children's Island 1.05 Granada News 1.55 The Spectacular World of Guinness Records. 2.20 Rock Sport. 2.40 Woman of Straw (1964) 5.05 Granada News 5.10 Granada Goals Extra. 10.55 Men 11.50 Murder One. (TVM 1969)

HTV:
11.30 Superman 1.05 HTV News 1.55 Soccer in the Seventies. 2.25 The 1991 Canon World Triathlon Championships. 3.25 Return of the Cisco Kid (1939) 5.05 HTV West News and Sport 10.55 Joe Cool Live

SCOTTISH:
11.30 Dinosaurs. 1.05 Scotland Today. 1.55 The Life and Times of Grizzly Adams. 2.50 Cartoon. 3.00 The Last Wagon. (1956) 4.45 Scotsport Results 5.05 Scotland Today 5.15 Cartoon Time. 9.00 Scottish Weather 10.55 The Young Riders 11.50 In the Heat of the Night

TSW:
11.30 The South West Week. 1.05 TSW News 1.55 County Rugby Live. 3.55 Cartoon Time. 4.05 Golf. Mediterranean Open. 5.05 TSW News 5.15 Gus Honeybun's Cartoon Time. 9.00 TSW Weather. 10.55 Men 11.50 Murder One. (TVM 1969)

TVS:
11.30 Superman. 1.05 TVS News 1.55 The Ultra Sail Grand Prix. 2.25 McCloud. The Great Taxicab Stampede. (TVM 1978) 3.45 The A-Team 5.05 TVS News. 5.15 Cartoon. 10.55 Tonight in Comedy

TYNE TEES:
11.30 My Secret Identity 1.55 Out of Limits. 2.05 The Spectacular World of Guinness Records. 2.40 Woman of Straw. (1964) 5.05 Northern Life Sport Special 5.15 Cartoon Time. 10.55 Men 11.50 Murder One. (TVM 1969)

ULSTER:
1.05 Ulster News. 1.55 Saturday Sport 2.00 Superstars of Wrestling 2.55 International Fight Night. 3.50 The A-Team 5.05 Ulster News and Sport 5.20 Cartoon Time. 9.00 Ulster News 10.55 Men 11.50 Murder One (TVM 1969)

SUNDAY

BBC1

6.45 Open University. 8.50 Playdays. 9.10 News. 9.15 Looking for God — Through Prayer. 10.00 See Hear! 10.30 Deutsch Direkt. 10.55 Advice Shop Extra! 11.00 Business Matters. 11.30 Work is a Four-Letter Word.

12.00 Bazaar.
12.25 Experiment!
12.30 CountryFile.
12.55 Weather for the Week Ahead.
1.00 News; On the Record. Shadow Chancellor John Smith talks about Labour's economic policies and the second "super poll" of floating voters.
2.00 EastEnders.
3.00 Film: The 39 Steps. Second remake of Hitchcock's original thriller, starring Robert Powell as the debonair adventurer Richard Hannay. With Karen Dotrice, John Mills and Timothy West (1978).
4.40 Columbo.
5.50 The Clothes Show. Featuring a report on the womenswear collections of Paris and a visit to the Playtex underwear company. Plus, florist Ming Veevers Carter.
6.15 Lifeline. Dame Vera Lynn appeals on behalf of the Young Person's Concert Foundation which helps aspiring musicians.
6.25 News.
6.40 Village Praise. Pam Rhodes visits Grassington in the Yorkshire Dales to discover how strong religious traditions have helped build a community spirit.
7.15 May to December.
7.45 Lovejoy. The local golf club closes ranks when Lovejoy identifies its prize cup as a fake.
8.35 So Haunt Me.
9.05 Screaming. The prospect of Ralph's return has a dramatic effect on Beatrice and Annie who have both had affairs with him in the past.
9.40 News and Weather.
10.05 *Mastermind.*
10.35 Heart of the Matter. Discussing marital loyalty and talking to ex-couples who parted through circumstances beyond their control. Should partners stay together when catastrophes strike, or is it better to part? Joan Bakewell investigates.
11.10 The Vote Race.
11.50 The Shadow. Secondary school teachers from Oxfordshire and Bordeaux explore different approaches to work on an exchange visit.
12.20 Mahabharat (English subtitles).
1.00 Weather.
1.05 Close.

BBC2

8.35 Open University. 12.00 Around Westminster.

12.30 Film: Jassy starring Margaret Lockwood (1947).
2.10 Made by Hand.
2.25 Pelléas et Mélisande. Debussy's great musical drama, in which *Pelléas and Mélisande play out a* love triangle with tragic consequences. Starring Francois Le Roux and Colette Alliot-Lugaz.
5.00 Rugby Special. Highlights of Wales v Scotland, and France v Ireland. Chris Rea introduces the action as the Five Nations Championship reaches its conclusion.
6.00 The Real McCoy (Compilation of highlights).
6.35 The Money Programme. Peter Jay challenges the Tory economic team of Norman Lamont and Peter Lilley to say why they believe their party can lead Britain out of recession.
7.15 The Natural World. What do ornithologists find so fascinating about birds? Such is their passion they will go to almost any lengths to track down and observe a single species. Martin Wainwright finds out why bird-lovers get into such a flap about their subject.
8.05 Rembrandt: Schama. First of a two-part series on the celebrated artist. In masterpieces such as the Night Watch, he revolutionised whole genres of painting. Simon Schama claims Rembrandt's unique talent was to capture both public image and private thoughts in the Golden Age of modesty and magnificence.
8.55 Mexican Grand Prix. Second in the 16-race World Championship, including live coverage of the final laps. With commentary by Murray Walker and James Hunt.
9.55 Screen Two: Law Lord. When a new Government takes power, the ambitious Home Secretary plans to bring the legal establishment into line. His plot rests on one figure — the Lord Chancellor. But has he chosen the right *man for the job? Legal drama,* written by John Cooper.
11.25 Film: OC and Stiggs. Two teenagers *realise by leading boring lives they will ultimately* become bland people - unless they rebel (1985).
1.10 Def II: Rapido.
1.45 Close.

LWT

6.00 TV-am. 9.25 Fluppy Dogs. 10.20 The Littlest Hobo. 10.45 Link. 11.00 Meditations. 12.00 Visions. 12.30 pm LWT News Weekend; Weather.

1.00 ITN News; Weather.
1.10 Walden. Interview with Prime Minister John Major.
2.00 Sharp's Funday. Including Batman; and highlights of WCW Pro Wrestling.
2.50 Dinosaurs.
3.20 The Match. Arsenal v Leeds United, live from Highbury. Leeds continue their challenge for the league title against last season's champions. Commentary is by Alan Parry and Gary Lineker.
5.30 American Match Preview. New Series bringing a fresh approach to traditional sports coverage with a magazine-style format pitched at a family audience. Following the London Monarchs with Nino Firetto and Sheryl Sims. Plus, highlights from the World League of American Football.
6.00 Hannah Hauxwell — *Innocent* Abroad. Hannah comes *face-to-face with Pope John Paul II and journeys to the Bay of Naples.*
6.30 ITN News; Weather.
6.35 LWT News; Weather.
6.40 Highway. Sir Harry Secombe meets the people of Alderney, Sark and Herm.
7.15 Forever Green. Freddy is determined to find out if the decline of *wildlife in the river is due to Man* or natural causes. John Alderton and Pauline Collins star.
8.15 The British Academy Awards. The Princess Royal is the guest of honour as Michael Aspel hosts the 23rd ceremony, live from the Grosvenor House Hotel in London's West End. Stars nominated include Rowan Atkinson, Anthony Hopkins, Robert Lindsay, Patricia Routledge, Helen Mirren and Julie Walters.
11.00 ITN News; Weather.
11.15 LWT Weather; The Day.
11.20 Film: Table for Five. Poignant story of a father (Jon Voight) who fights to keep his children after his ex-wife dies (1983).
1.35 A Yank at Oxford — Warren Beatty Goes to College.; ITN News Headlines.
2.05 Extreme East.
2.35 Cue the Music.
3.35 The ITV Chart Show.
4.40 Pick of the Week.
4.55 Out of Limits.
5.05 Soap.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 Dispatches (repeat of last Wednesday's programme). 11.00 D'Art. 11.30 Flipper. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.
2.00 Film: School for Scoundrels. A young man enrols on a course that specialises in 'one-upmanship'. Starring Alistair Sim and Terry-Thomas (1960).
3.40 No Dry Run. (English subtitles).
4.00 Big World Animators.
4.25 Citizen 2000. Final programme examines how three of the group coped with the death of close relatives.
4.55 News.
5.00 Burning Books. Best of this week's new books, including John Harvey's Cutting Edge and David Spanier's Inside Las Vegas.
5.30 Star Chamber. Bryan Gould MP, fields questions both taxing and trivial.
6.00 Press Gang. Continued from last week. Five hostages are held at gunpoint by a boy in a clown mask. Previously shown on ITV.
6.30 The Wonder Years.
7.00 Channel 4 News. Jon Snow presents this special edition from Edinburgh which includes a look at the election campaign in Scotland.
8.00 Disabling World: Out of Sight. New series. Problems faced by disabled people during the first half of the century, including mass discrimination and the rejection of handicapped children by their families.
8.30 Childhood. How families on four continents prepare their children for day-care, school and their first encounters with the big bad world.
9.30 Disabling World: Face of Our Fear. Steve Dwoskin traces the events which led to disabled people being denied their rightful place in society.
10.30 Film: Dr Strangelove. A mad US general launches a nuclear attack on Russia. Classic black comedy, directed by Stanley Kubrick and starring, in all three main parts, Peter Sellers. Part of the Best Sellers season (1963).
12.25 Film: Georgette Meunier. Black adult fairy tale, starring Tiziana Jelmini. Part of the World Cinema season (1989).(English subtitles).
1.55 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.25 Goals Galore. 12.50 Anglia News. 2.00 The Spectacular World of Guinness Records. 2.25 Highway to Heaven. 5.30 The World Skill Olympics. 6.35 Anglia News

BORDER:
12.30 Gardening Time. 12.55 Border News. 2.00 *The History of Steam.* 2.50 Bullseye 3.20 The Match. 5.30 Scotsport. 6.35 Border News. 11.20 A Yank at Oxford — Warren Beatty Goes to College. 11.50 Prisoner: Cell Block H.

CENTRAL:
9.25 Sky High. 12.30 Gardening Time. 12.55 Central News 2.00 Matt Helm. 5.30 Dinosaurs. 6.35 Central News 11.20 Dangerous Women.

CHANNEL:
9.25 Sky High. 12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Télé-Jornal. 2.00 My Secret Identity 2.25 Spectacular World of Guinness Records 5.30 Tell the Truth 6.35 Channel News.

GRAMPIAN:
9.25 Sky High. 10.45 Pick a Number 11.15 Sunday Service. 11.45 Link. 12.30 My Secret Identity. 12.55 Grampian Headlines 2.00 The Triumph of the Nomads. 3.00 Hard Time on Planet Earth. 4.00 Country Matters 4.30 Bullseye. 5.00 Scotsport 6.35 Grampian Headlines 11.20 Prisoner: Cell Block H.

GRANADA:
12.25 Granada This Week. 12.55 Granada News 2.00 Hannah Hauxwell — Innocent Abroad. 2.30 Cartoon Time 2.45 Bullseye. 5.30 Coronation Street. 6.35 Granada News 11.20 A Yank at Oxford — Warren Beatty Goes to College. 11.50 Prisoner: Cell Block H.

HTV:
9.25 Sky High. 12.30 West Country Farming. 12.55 HTV News. 2.30 Planning the Small Garden. 2.45 Tennis. 5.30 Dinosaurs. 6.35 HTV News.

TSW:
9.25 Sky High. 12.30 TSW Farming Week. 12.55 TSW News. 2.00 Disney Goes to the Academy Awards. 2.55 Superman. 5.30 Village Green. 6.35 TSW News 11.20 A Yank at Oxford — Warren Beatty Goes to College 11.50 The Silk Road.

TVS:
9.25 Sky High. 12.30 TVS News. 12.33 Agenda. 12.58 TVS Weather. 2.00 My Secret Identity 2.25 Spectacular World of Guinness Records. 5.30 Tell the Truth. 6.35 TVS News

TYNE TEES:
9.25 Sky High 12.25 The Intruders 12.55 Regional News. 2.00 Around the World with Peter Ustinov. 2.20 Dinosaurs. 2.50 The Back Page. 5.30 Bullseye. 6.35 Regional News 11.20 A Yank at Oxford — Warren Beatty Goes to College. 11.50 Prisoner: Cell Block H.

ULSTER:
12.30 Gardening Time. 12.55 Ulster News 2.00 Hannah Hauxwell — Innocent Abroad. 2.30 Cartoon Time. 2.50 Bullseye. 5.30 Coronation Street. 6.35 Ulster Newstime 11.18 Ulster Newstime 11.20 A Yank at Oxford — Warren Beatty Goes to College. 11.50 The Law and Harry McGraw

YORKSHIRE:
9.25 Sky High. 12.25 Goals on Sunday 12.50 Calendar News. 2.00 Family Flight. 5.30 Hannah Hauxwell — Innocent Abroad. 6.00 New Candid Camera. 6.35 Calendar News. 11.20 Scrumdown.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Sarah Kennedy. 12.00 Mark Wynter. 1.00 Educating Archie.
1.30 The News Huddlines. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Bob Sinfield.
5.00 Cinema 2. 5.30 Singers at the Movies. 6.00 John Sachs presents Bucks Fizz in Concert. 7.00 On The Air. 7.30 Gilbert and Sullivan. 10.00 Easy Does It.
10.30 The Arts Programme. *12.30 John Mercer. 1.00* Andrew Lane. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.55 Weather and News Headlines.
7.00 Morning Concert.
8.30 News.
8.35 English and Italian Baroque Music.
9.30 Saturday Review.
12.55 Words.
1.00 News.
1.05 Piano Trios.
2.05 Rafael Kubelik.
4.00 Tuning Up.
5.00 Jazz Record Requests.
5.45 Third Opinion.
6.30 Live from the Met.
10.30 Lizzie's Tiger.
11.00 BBC Symphony Orchestra.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 The News Quiz.
1.00 News.
1.10 Any Questions?
1.55 Shipping Forecast.
2.00 Any Answers?
2.30 Saturday Playhouse.
4.00 Age To Age.
4.30 Science Now.
5.00 Costing The Earth.
5.25 Fourth Column.
5.50 Shipping Forecast.
6.00 News; Sports Round-Up.
6.25 Week Ending.
6.50 Stop the Week.
7.20 Kaleidoscope.
7.50 Classic Serial.
8.50 Conversation Piece.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Open Mind.
10.45 Just Do Your Best.
11.00 Richard Baker
Compares Notes.
11.30 Lip Service.
12.00 News.

BBC RADIO 5
6.00 Newsdesk.
6.30 Saturday Edition.
9.00 On Your Marks.
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport On 5.
5.00 Sports Report.
6.05 Six-O-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.15 On the Level.
12.00 Close.
4.25 Cricket World Cup.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; News About Britain. 6.15 The World Today. 6.30 Londres Matin. 7.00 Newsdesk. 7.30 People and Politics. 8.00 News; Words of Faith.
8.15 A Jolly Good Show. 9.00 News; Business Report; *Worldbrief.* 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now And Then.
10.15 Letter From America. 10.30 Waveguide. 10.40 Book Choice. 10.45 From The Weeklies. 11.00 Newsdesk.
11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 News; News About Britain. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News.
3.15 Sportsworld continued. 4.00 News; News About Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News Summary; Sportsworld: final results.
5.30 Londres Soir. *6.14 BBC* English. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German Features.
7.54 News in German. 8.00 News; Book Choice. 8.15 Londres Derniere. 8.30 Europe This Weekend. 9.00 Newshour. 10.00 News. 10.15 Meridian.
10.45 Sports Roundup. 11.00 News; Words of Faith: Book Choice. 11.15 A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show.
1.00 News Summary. 1.00 Play of the Week: Heart Of April. 2.00 Newsdesk. 2.30 Blue Blood. 3.00 News: Words of Faith. 3.15 Sports Roundup. 3.30 From our own Correspondent.
3.50 Write on. 4.00 News. 4.15 Oratory 4.30 Business Review. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
7.00 Don MacLean. 9.05 John Sachs 11.00 Wired for Sound — The Cliff Richard Story. 12.00 The Vintage Years. 12.01 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Victor Silvester Orchestra. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 Mark Wynter. 1.00 Andrew Lane with Night Ride. 4.00 Steve Madden.

BBC RADIO 3
6.55 Weather.
7.00 Morning Concert.
8.30 News.
8.35 A Land with Music.
9.15 Maurizio Pollini.
10.15 Music Weekly.
11.00 From the Proms 1991.
12.40 Replay. Lady Violet Bonham Carter remembers her father, Asquith. First broadcast in 1948.
1.00 News.
1.05 Your Concert Choice.
2.30 Mozart at the Wigmore Hall.
4.00 Poet of the Month.
4.10 BBC Philharmonic.
5.00 Soundings.
6.00 Via Crucis.
7.00 Bridge.
7.30 Critics' Choice.
8.15 Beethoven and Schoenberg.
10.35 Concert at Summerscope.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 News; Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.50 The Weeks Good Cause.
9.00 News.
9.10 *Sunday Papers.*
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend, including interview with Liberal Democrat leader Paddy Ashdown.
1.55 Shipping Forecast.
2.00 Gardeners' Question Time.
2.30 Globe Theatre.
3.30 The Radio Programme.
4.00 Analysis.
4.47 Missions Improbable.
5.00 Down Your Way.
5.40 Lines of Communication.
5.50 Shipping Forecast.
6.00 News.
6.30 Europhile
7.00 In Business.
7.30 Bookshelf.
8.00 Punters.
8.40 Reading Aloud.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.30 Straw and Steel.
11.15 Working Among the Tyrants.
11.30 Seeds of Faith.
12.00 News.

BBC RADIO 5
8.00 Sunday Edition.
8.45 Cricket World Cup.
12.30 Learn to Earn.
1.10 Up and Away.
1.40 Open University
2.00 And Now Read On.
2.30 They Think It's All Over.
3.00 Football Extra.
5.00 Sports Bulletin.
5.15 Bob Hatton Rattle.
6.05 My Place.
6.30 James and the Giant Peach.
7.00 Sports Bulletin.
7.10 Open University.
8.50 Grand Prix Report.
10.00 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; News About Britain. 6.15 Letter From America. 6.30 Londres Matin. 7.00 Newsdesk. 7.30 From Our Own Correspondent. 7.50 Write On.
8.00 News. Words of Faith. 8.15 Music With Matthew 9.00 News; Business Review. 9.15 Short Story: Shadows Of A Summer Evening 9.30 Folk in Britain. 9.45 Sports Roundup. 10.00 News Summary; Science in Action. 10.30 In Praise of God 11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin 12.00 News Summary 12.01 Play of the Week. Heart Of April. 1.00 Newshour. 2.00 News Summary 2.01 It's Your World With Eastern European Leaders. 3.00 News. 3.15 Concert Hall *4.00 News; News About* Britain. 4.15 BBC English. 4.30 News in German: German Features. 5.00 News and Business Review. 5.15 Club 648. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary; News in German 6.40 German Features. 7.54 News in German. 8.00 News and Business Review. 8.15 Londres Derniere. 8.30 Europe Tonight. 9.00 Newshour 10.00 News 10.15 Meridian. 10.45 Sports Roundup. 11.00 News; Business Review. 11.15 Music With Matthew. 12.00 Newsdesk. 12.30 In Praise of God. 1.00 News Summary. 1.01 Classic Concerts. 1.45 Mastersingers. 2.00 Newsdesk. 2.30 Composer of the Month: Richard Strauss. 3.00 News: Words of Faith. 3.15 Sports Roundup 3.30 Anything Goes. 4.00 News.

BRIDGE

IN TODAY'S hand from rubber bridge the declarer failed to bring home his slam:

	N	
	♠ Q 10 9 7 5 2 ♥ A K Q 4 ♦ A 5 ♣ 6	
W ♠ 8 ♥ J 9 8 2 ♦ 9 8 4 3 ♣ K Q J 7		**E** ♠ 6 3 ♥ 7 ♦ K 10 7 6 2 ♣ 10 9 5 3 2
	S ♠ A K J 4 ♥ 10 6 5 3 ♦ Q J ♣ A 8 4	

At game-all, South dealt and opened the bidding with one spade. North forced with three hearts, which South raised to four hearts, and North introduced a Blackwood four no-trumps. After South replied with five hearts, North's six spades concluded the auction.

West led the club king. Winning with his ace, the declarer drew trumps with ace and king, then cashed the ace and king of hearts. When East showed out on the second round, South crossed to his knave of spades and finessed the diamond queen. The king won and East led back a diamond to the ace.

With no way of avoiding a heart loser, the declarer was defeated by one trick. A very poor performance.

Good technique delivers the slam. After winning the opening lead, South must ruff a club on the table, cross to the spade ace, ruff his remaining club and draw the last trump with his king. Now he cashes dummy's ace and king of hearts and the 4-1 break is revealed.

Thanks to his careful elimination of the clubs, South is not worried. He cashes the diamond ace and cuts adrift with the five. If East wins, as happened in actual play, he must concede the ruff discard. If West wins, a spade return runs into South's split tenace.

A minor suit lead allows declarer to discard dummy's four of hearts and ruff in his own hand. All my readers, I am sure, will have got this one right.

E.P.C Cotter

CHESS

GARY KASPAROV, the world champion, notched another impressive victory against his leading rivals at Linares, Spain, last week. Kasparov was unbeaten with 10/13, two points clear of Ivanchuk and Timman, but the UK's top pair Nigel Short and Jon Speelman were companions in disaster, tied last with four points.

Speelman was unable to win a game, while everything went wrong for Short. He fell for mate in one, was outplayed in his favourite Four Knights, and lost to Karpov a few weeks before their world semi-final, also in Linares.

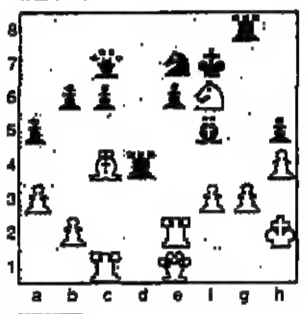
During the Gorbachev years, Kasparov became involved in Russian politics to the detriment of his results. Now he is back in the form which broke Bobby Fischer's all-time rating record, with a fertile blend of innovatory openings and imaginative attacks (G Kasparov, White; N Short, Black; Scotch Game; Linares 1992).

1 e4 e5 2 Nf3 Nc6 3 d4 exd4 4 Nxd4 Kasparov revived this ancient opening, named from a London v Edinburgh postal match of 1824, in the last world title series, and it is now high fashion. **Bc5** Karpov preferred Nf6. **5 Be3 Qf6 6 c3 Nge7 7 Bc4 0-0 8 0-0 Bb6 9 Nc2** Kasparov v Kamsky, Tilburg 1991, continued 9 Kh1 Rd8 10 Qh5 b6 11 Nd2 d5 and the US champion reached a drawn ending. **d6** Short's next few moves support his knight, but better may be 9 . . . Qg6 10 Nd2 f5.

10 Bxb6 axb6 11 f4 g5? 12 f5 Ne5 13 Be2 Bd7 14 c4 g4 15 Nc3 h5 16 Qd2 Kh8 17 Qf4 Bc6 18 Ne3 Nd7? Provokes a winning sacrifice. Black should try Rg8 and Qg5. **19 Bxg4! hxg4 20 Nxg4 Qh4 21 Rf3 Ng6** Hoping for 22 fxg6? fxg6. **22 Qe3! Qxg4 23 Qh6+ Kg8 24 Rh3 Qxh3 25 gxh3 Nge5 26 f6 Nxf6 27 Qxf6** White wins easily on material, and Short resigned at move 48.

CHESS No 915

BLACK



WHITE

Timman v Karpov, Linares 1992. Timman has just sacrificed a knight, and Karpov captured Kxf6. Why was this an error, and what should he have played?

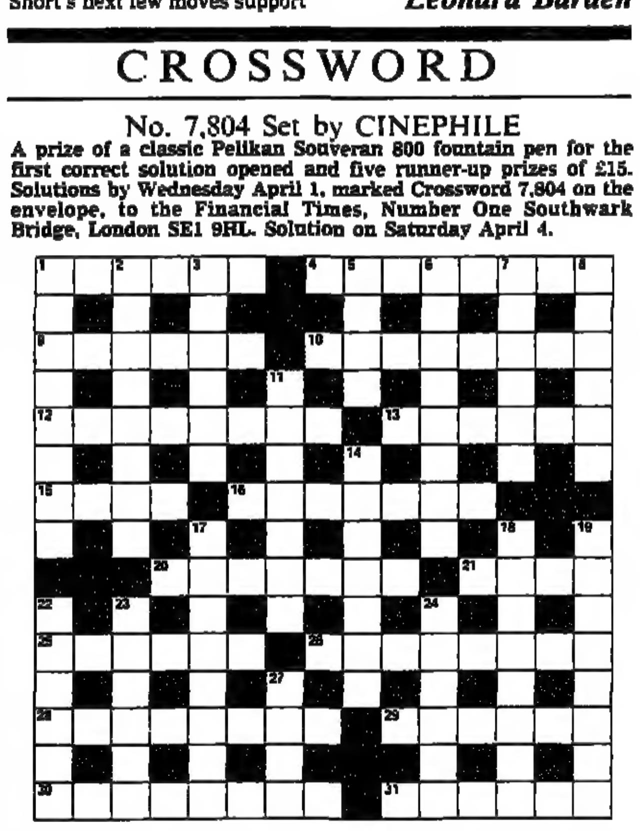
Solution Page XVIII

Leonard Barden

CROSSWORD

No. 7,804 Set by CINEPHILE

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday April 1, marked Crossword 7,804 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday April 4.



Name..........

Address..........

ACROSS

1 Her charge is about a thousand and one pounds (6)
4 Playwright whose works take flight (8)
9 Material for king in Latin and in English (6)
10 Flower of falling flakes? (8)
12 Leading light of Rugby Union, mainly? (8)
13 Restriction of liberty in voting system is a possibility (6)
15 See 21
16 A student in setting with different sides (7)
20 Expert on electrical safeguard is generous (7)
21, 15 Exhibit example to cabinet? (4,4)
25 Live to be partisan again? (6)
26 Crazed by double dose of drugs (8)
28 Irritating in a pen? (If puzzled, —— your head!) (8)
29 Sounds as if he would be sick, confounded fellow (6)
30 Cheek is still turned without deserving (8)
31 Interested party? You certainly are! (6)

DOWN

1 Stuffing containing mineral touched by serf? (8)
2 Increase all you can or utter proverbs? (8)
3 Inside material gets in inside fish (6)
5, 27 Marksmen from a distance? Most probably not (4,4)
6 It's of great importance to phone when we are in (8)
7 Torment swift beast cut short by foolish beast (6)
8 Fret about tree (6)
11 Torment upper-class number if within call (7)
14 Guillotine can be so cruel (7)
17 Believer with notes in hand? (8)
18 Capital fellow takes it to the queen (6)
19 Foolish fellow, dear to the French, who watches birds (8)
22 Toast for those in favour of it (6)
23 Retreat for beast under tree (6)
24 One vehicle (American) that finally melted (6)
27 See 5

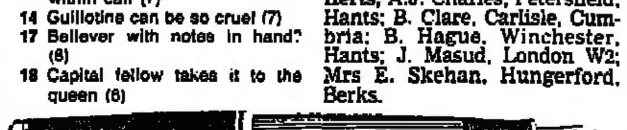
Solution to Puzzle No.7,803

C	O	N	F	I	N	E	M	E	N	T		H	A	S
H		U		N		X		A		I		O		T
A	Z	T	E	C		P	E	R	I	M	E	T	E	R
S		B		A		L		L		E		P		I
T	H	R	E	S	H	O	L	D		T	R	O	O	P
I		O				I		O		A		T		E
S	A	W	D	U	S	T		M	O	B	S			
E		N		P						L		K		O
			T	S	A	R		C	L	E	A	N	U	P
C		J		E		E		R				E		E
A	P	A	R	T		P	R	O	F	I	T	E	E	R
N		R		T		L		U		M		D		A
C	O	G	N	I	S	A	N	T		A	L	E	R	T
E		O		N		C		O		G		E		O
R	U	N		G	R	E	E	N	K	E	E	P	E	R

Solution and winners of Puzzle No.7,792

	F	I	N	G	E	R	P	A	I	N	T	I	N	G
B		R		O		A		E		O		R		O
O	N	A	I	R		N	I	G	H	T	G	O	W	N
L		S		K		U		I		O		N		E
D	I	C	T	I	O	N		S	P	R	A	Y	E	R
E		I				C				I				I
R	E	B	U	S		U	N	I	V	E	R	S	A	L
		L		P		L		N		T		N		
P	R	E	C	I	P	I	C	E		Y	E	A	S	T
E				R				L				K		H
R	E	A	D	I	N	G		A	U	S	T	E	R	E
T		B		T		R		S		U		S		O
A	P	O	L	O	G	I	S	T		P	O	K	E	R
I		U		S		L		I		E		I		Y
N	I	T	R	O	G	L	Y	C	E	R	I	N	E	

Miss W.A. Salmon, Barnet, Herts; A.J. Charles, Petersfield, Hants; B. Clare, Carlisle, Cumbria; B. Hague, Winchester, Hants; J. Masud, London W2; Mrs E. Skehan, Hungerford, Berks.



Best laid plans of men and mice

***Dominic Lawson** on the significance of Disneyland for the British election*

IN AN election campaign dominated by photo opportunities, sound bites, and staged and scripted interviews, it is refreshing to see a politician look shocked.

It happened last week to Tony Blair, Labour's shiny-faced employment spokesman. While in full spate advocating higher pensions for all, he was cut off at the knees by a softly-spoken working-class Welsh housewife: "I don't know why you want to give us all this extra money," she said. "We'll just go and spend it on a trip to Euro-Disneyland."

Mr Blair, whose features anyway have the rubbery consistency of a cartoon character, looked like Mickey Mouse would if Mini Mouse told him she was going off with Donald Duck. While the Labour party is quite prepared to argue that tax cuts lead to undesirable expenditure on pleasurable foreign imports, it had clearly never occurred to them that good working-class Welsh pensioners might perpetrate similar treachery.

But I have no doubt that the lady was right. Euro-Disney will syphon off more discretionary pounds, once it opens next month, than any competing English, or even Welsh, attraction. In 1988 I was invited by the Disney company to tour Disneyland in California, and Disneyworld in Florida. I think the occasion was Mickey's 60th birthday. To celebrate Disney executives had covered 320 acres of an Iowa cornfield with the image of Mickey Mouse's head. They called it the "Little Mouse on the Prairie."

Meanwhile in California and Florida the executives who all wore Mickey Mouse watches showed me maps of Europe covered with concentric circles showing population densities, and average speeds of public and private travel. They somehow seemed to converge on a blob about 20 miles east of Paris.

"1992" they said.

"How convenient," I trilled. "The year the Channel Tunnel opens."

"Oh really," they replied in a tone nicely mixing boredom and disbelief.

Well Mickey is on time, at least. It is hard to over-emphasise the military precision with which the Disney company orders its affairs. And like the military, the greatest precision attaches to the tiniest details.

Four years ago, at the Disney University in California – yes, there is such a place – I stumbled across a document which governed the exact physical appearance to be adopted by employees. Under the section Women (Hair) it said: "Hair below shoulder-length should be worn combed away from the face so that it will not fall forward or over the face while performing normal job duties. Side tendrils, if worn, should not extend below the bottom of the ear lobe. If a yarn or hair ribbon is worn it should be no wider than one-half inch or longer than four inches when tied. Stick-pin barrettes (both leather and plastic) and knitted chignon (bun) holders are not acceptable."

For EuroDisney everything has been thought of. The Disney employees dressed up as Mickey Mouse will not be allowed to ruffle the hair of little European children who come running up for affection. This is because Disney is concerned that one such child might be undergoing chemotherapy, and be wearing a wig.

Mickey will not have a tail. This stems from an incident eight years ago when a visitor to Disneyworld in Florida pulled too insistently at Mickey's tail: Mickey picked the boy up and hurled him through the air. The parents took Mickey to court. No such incident will ever be allowed to break the monotony of perfection at Euro-Disney.

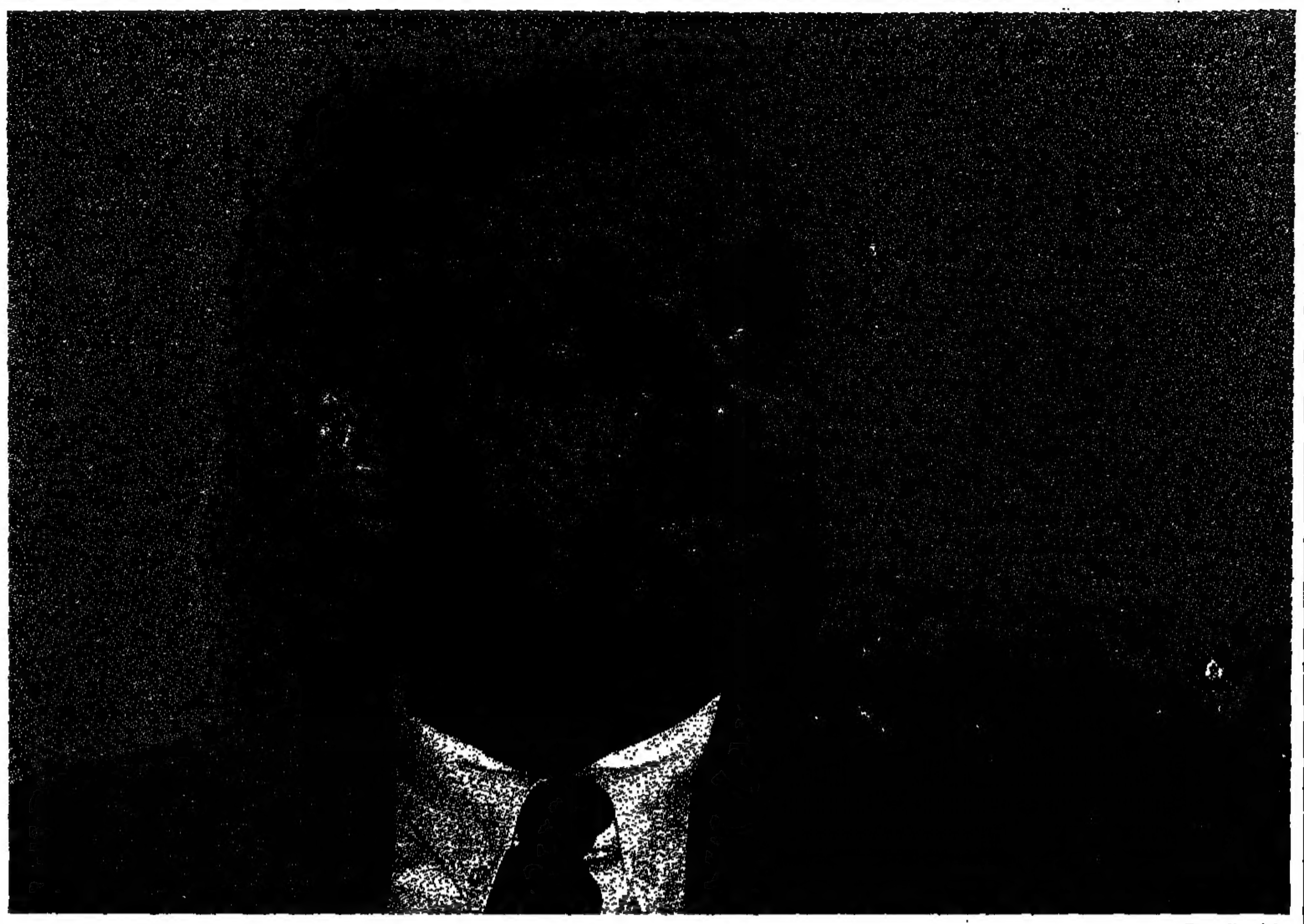
This perfect monotony is in fact the great US invention. In any other business it is simply called mass production. It is why the Heinz baked bean, the Kellogg cornflake, and, many years ago, the Ford motor car, conquered the world. The Disney company, with complete success, has applied the US principles of mass production to the appearance of human beings.

In this election campaign the party media managers are attempting to achieve the same standards of flawless, rehearsed consistency with their charges, the politicians. But unfortunately for them, the public want men, not mice.

■ *Dominic Lawson is editor of The Spectator.*

Private View/**Christian Tyler**

No black and white answers



Trevor Humphries

"THE CROCODILE does not die under the water so that we can summon the monkey to his funeral." Both animals are African, suggests this Akan proverb from Ghana, but each has very different customs.

So what does "being African" mean? Compare the answer of the Johannesburg housewife and the Hausa chieftain, and discuss.

Or ask the professor from Harvard. He will say there is no African literature, no African culture, no African race, *as such*. It is not that these phrases are meaningless, but that, being based on tradition, myth or lies, they are usually useless and sometimes dangerous. And the same holds for the rest of humanity.

Nineteenth-century scientific theories which held that race, culture and ability were somehow "in the blood" have been discredited. Yet their influence continues to be felt: in the "multiculturalism" controversy in the US, for example, in the resurgent racism in western Europe, in the nationalist wars in the Balkans and Caucasus.

The Harvard professor is Kwame Anthony Appiah, a philosopher who lectures on Afro-American studies, and who illustrates the absurdity of the cruder categorisations.

He is African: he was born 37 years ago in Ghana. His late father Joe Appiah, a leading lawyer, was a friend and later a critic of Kwame Nkrumah. His uncle, Otumfuo Nana Opoku Ware II, is king of the Asante.

He is also English: his mother Peggy is the daughter of the former Labour Chancellor, Sir Stafford Cripps. During the holidays from his English public school, Bryanston, Appiah would go home to Kumasi in Asante. He also spent a lot of time with his grandmother, Dame Isobel Cripps, in the very English village of Minchinhampton, Gloucestershire.

In the US, he is black – that is, when he is not white. On his first visit an FBI officer, on learning that he had flown in from London, told him to enter "white" on the form.

He is a Noel Coward fan, which he admits is a bit odd, given Coward's jingoist style. "I suppose I like the funny mixture of reverence for English institutions and taking the mickey," he said. "It's a very English thing."

Appiah's mixed parentage is not his only qualification for exploring the race question. He went to Clare College, Cambridge, as a medical student, studied genetic theory then switched to philosophy, winning a double first and doing his doctorate in linguistics. The result is his fifth book, a difficult but provocative account of African culture called *In My Father's House*.

I asked him if he ever asked himself what race he was.

"No. Other people have views about it. In America I'm black – that's how race works and I don't let that worry me."

In your book you don't use the word "black" much, I said.

"No, I don't. I don't care too much about the terminology because I think all terminologies are misleading. In a world in which many of us are the products of marriages of people from different places, it makes less and less sense to feel one has to have an answer to that question. I feel very much at home in Gloucestershire, I have to say. I can go to the graveyard in Circencester and see graves of ancestors of 600 years ago. But I also feel very much at home in Ghana."

What colour would you call yourself?

"A useful term is 'a person of colour'".

But you are just as much white as you are black.

"Yes, I know. But that's not how it works."

The asymmetry is a little unfair, isn't it?

"The asymmetry is tied up with ways of thinking I don't believe in."

Is it offensive?

"It depends who does it, and why. I mean, it's ignorant. But then people are constantly doing things to each other which are ignorant."

Appiah agreed it was inevitable that at some point he would write a book on the philosophy of race and culture. I asked him whether he had been able to tackle the subject objectively.

"I can't claim to be disinterested. I have a lot at stake. And it's important for people like me to think things through just to protect themselves and those they care about. But if I say something that isn't true or I make a bad argument I want to be told."

He said his research had thrown up some surprises: he said he was stunned to discover how large a part race thinking played in the development of literature in the US. Another surprise was how straightforward the biological facts were when you studied mankind from the inside instead of the outside.

You claim there is no such thing as race, I said. Doesn't that fly in the face of commonsense?

"Yes it does."

What do do you mean by it?

"There are, of course, people who look different from each other – differences in skin colour, hair colour, the shape of the face – their gross morphology. Our modern conception of race was formed by great 19th-century scientists, including Darwin, in an attempt to explain these differences. The theory they came up with was that we are divided into a small number of groups and everything important about people flowed, biologically, from their membership of the group. That is what is not true. It's just not the case.

"There are massive similarities, and the key things that matter to us about people – ideas, religions, cultures, family – all turn out not to flow from biology at all.

"When people said race mattered, they meant Africans couldn't write sonnets or compose chamber music because it wasn't 'in the blood'. Anyone who knows anything knows now *that's* not true. But people don't widely enough appreciate how wildly wrong it is. They say 'Well, there's still character.'

"The fact is if you take a little child from Zaire and bring her up with an Irish-American family in Boston, so far as culture goes – with the exception that she'll have an experience of racism that the other kids in the family won't have – she will be as capable of doing all the things that matter as any other child."

Darwin and the rest *might* have been right, Appiah said. It was a sensible hypothesis at the time. But like a lot of 19th century science, it turned out to be wrong.

Harvard philosophy professor Kwame Anthony Appia is the grandson of Stafford Cripps and the nephew of the Asante king

What people really mean by "race" depends on where they are: they might be talking about differences of colour, culture or just wealth.

"If races were real, the explanation would be the same everywhere, but it isn't. It's rather like witchcraft: some of the things people call witchcraft really do happen, but that's the one explanation I'm *not* going to give, because I don't believe in witchcraft."

Sociologists used to describe societies with large immigrant populations as "multiracial"; today they prefer "multicultural". The relabelling has not eased the tension either in western Europe or the US. Appiah thinks the present fashion in the US for each ethnic group to discover a culture for itself and then to assert it politically is misguided – and racist.

"That's the way to perdition. On the other hand, the right-wing response that we should all buy into the one, monolithic, European-derived western tradition which has given us everything we have in America is equally false. It's just not true that everything in America has come that way. Think of jazz."

The issue was real enough, but most of the debate was bogus. "If you sketch out this Noah's Ark view, in which you should have two of every kind, you can see it's crazy.

"What's going to happen? Are you're going to say: 'Sorry, you're Jewish and you can't marry that Catholic boy you've fallen in love with'? It's just not going to work. People are going to blur and blend, not just by intermarriage, but by being friends and co-workers and fellow students.

"So, inevitably – and one may regret this – there will be a certain homogenisation of global culture. In London now you can see Japanese Kabuki, which you couldn't 100 years ago. Not only can you see it, but with a bit of help you can make some sense of it. Just as the Japanese can now be visited by the Royal Shakespeare Company.

"Your own culture is changed. That doesn't mean we all become the same, any more than all the people in Minchinhampton, a tiny village, are the same. They all have different stories to tell."

What strikes him most about his black students at Harvard is how American they are, especially when a foreigner criticises their country. They should not be blamed, however, if, being so recently allowed into the elite white universities, they wanted to move the furniture around a bit.

You say there is no black American literature.

"Put it this way. I don't think it is an interesting literary category."

You're a philosopher and half-African. Is there no such thing as an African philosopher either?

"Only in the geographical sense. I prefer to define one as someone who is concerned with philosophical issues as they relate to Africa."

Your book is quite hard to follow, I said. Can a philosopher like you really make an impact on an issue like this?

"Not by myself. I am now inclined to feel, having done the thinking, that the task is to tell it in other ways: so I talk on the radio and to policy people.

"The great hope of the European Enlightenment was that philosophers could work things out. It was Marx's idea and Lenin's too. And it hasn't worked. It hasn't worked for the same reason why democracy is a good idea. Nothing in social life really works unless a lot of people believe in it. Hearing from the mountain is not a way of coming to believe.

"I really do think – and this is much easier to say after the last two years in eastern Europe – that these are the problems of our time. The idea that our differences come from inside, that they flow from the blood, is a very dangerous way of thinking."

Despatches/**Christina Lamb** in Olinda

The lords of the dance

DAY THREE of carnival and all sense of normal waking hours has long been suspended along with even the slightest notion of reality. Five phantoms and a transvestite walk past and a carnival queen lies snoring inelegantly on the next table. My tutu is slipping and the delicately etched rose design on my right cheek has become an unseemly smudge of red and black.

The moment seems opportune for drifting off in a daze induced by *cachaca*, the local sugar cane spirit not completely dissimilar to methylated spirits. But it is not to be. Down the narrow cobbled street comes a battery of drummers heralding the approach of six huge figures with inanely grinning plastic doll faces, twirling brightly coloured miniature umbrellas. The carnival queen jerks awake, leaps off the table and rejoins the throng. All around people are starting up again like clockwork toys that have suddenly been activated. In the trees a confused flock of birds restart the dawn chorus.

Carnival in the north-eastern Brazilian town of Olinda is not for those without stamina. The festival lasts two weeks and proceeds at a relentless pace. The *frevo* beat is far faster than samba and combines an unnatural amount of hipswaying with violent martial art kicks. Locals talk admiringly of the old man who died inside one of the papier mache dolls, dancing until the end.

While Rio's more famous carnival has become a multi-million dollar spectacle with samba schools trying to outdo each other with stunning costumes, high-tech floats and laser displays, in Olinda it remains a carnival of the people where no-one can avoid joining in.

The costumes are homemade and choreography is an unknown word as numerous *blocos* (groups of dancers and drummers) crowd into the streets for days on end. In the Rio Sambadrome locals are discussing the relative merits of twice champion samba school Mocidade's depiction of dreaming. In Olinda disorganisation reigns. At the town's Four Corners crossroads a parade of clowns and Charlie Chaplins crash into a huge spider on sticks and a group of transvestites doing aerobics.

In spite of its shoestring budget carnival in Olinda is far more picturesque than Rio's more artificial affair. The old colonial town, founded in 1535 and put under a Unesco preservation order, is the perfect setting with its ice-cream pastel painted Baroque architecture, pink stucco houses, numerous palm trees, palaces and churches on a hill overlooking the sea. The winding streets are festooned with paper streamers, lanterns and carnival masks. Everyone is drinking, dancing and falling in and out of love.

'Everyone is drinking, dancing and falling in and out of love'

Forget about 25 per cent a month inflation and the third year of recession. Ignore the four-figure notes now needed to buy a beer. This is when Brazil comes into its own as what has been described as the last happy nation on earth. Brazilians know how to party better then anyone on the planet and, while the country's football no longer gives any reason to celebrate, carnival is the perfect excuse to release all the tension in a yearly blow-out.

Brazilians love to tell the tale of an IMF mission arriving during a recent carnival expecting to find the nation in gloom and instead, seeing all the festivities, thinking they must have got the wrong place. Frivolous it may sound but many sociologists believe the reason that the country with the world's largest income gap and one of the highest inflation rates has not exploded in revolution is this very ability to revel at will.

Olinda is the perfect example. While Brazil's south became industrialised and grew rich, the north-east has become synonymous with poverty and backwardness. Its health indicators have earned it the name Brazil's Ethiopia. Its people continue to be exploited by sugar barons. Real income dropped 17 per cent over the last year and the health minister has admitted that there is cholera in the region.

This misery has provided a fertile source for colourful legends and carnival brings this to the fore. Many of the *blocos* are based on *maracatu* which mixes religious figures with circus characters. Others are heavy with Indian and African heritage, the dancers clad in paint and feathers. The umbrellas used for balance are thought to be a throwback to the canopies used to transport African kings. Many are dressed as half man half horse, to symbolise Lampiao, a local rebel leader, or the colourfully decorated cow Bum Meu Boi. Mingling among it is like being part of a cast for 20 different operas all taking place at the same time.

A more recent addition to the festivities is the "trio eletrico" – flat topped trucks from which bands or speakers blare out *frevo* music to add to the general frenzy. Even the military police have converted their vehicles for the occasion.

But then it is carnival time and nothing is quite what it seems. The *bahias*, women in huge hooped skirts and white embroidered turbans, on closer inspection turn out to be men, betrayed by their hairy legs. In fact many macho males seize the opportunity to put on women's clothing and make-up.

There are always more discoveries to make if one is prepared to venture further underground to the heart of neighbouring Recife. On the Monday night of carnival, in the innermost alleys of the city, one of Brazil's oldest and most traditional parades takes place – the Night of the Silent Drums – in honour of dead ancestors. The drums are not silent in spite of the name but are accompanied by religious chanting and the ringing of cowbells.

On the few occasions the locals stop their frenetic activity it is usually for *feijoada* – a stew of black beans and every conceivable part of pig from trotters to ears. Not for the squeamish, this local dish originated as slave food using parts of the pig that the masters had discarded.

If the hedonism becomes too intense and one can take no more of the rhythms and colours of Brazil, there is the perfect antidote in the form of the nearby beaches on the prison island of Itamaraca. Lie on the silvery sand of Fort Orange under a tall coconut palm and let small boys cook freshly caught lobster and pour ice-cold beer. For intellectual exercise one can ponder on the strategic logic which prompted the Dutch to position their fort front of a sandbank – making it impossible to view enemy ships entering the bay. I concluded it was a fortuitous decision – had they not done so the Portugese invasion might not have been successful and we would have been doing clog dances instead of *frevo*.

All you need is doves

Michael Thompson-Noel

SOME journalists are paid good money to position themselves at the centre of affairs. News-sleuths or feature-hounds, they are expected to be where it is happening, to *know* what is happening, and to file copy that gleams with immediacy.

Then there are the rest of us, a band small in number – journalists such as me (still paid good money, very often better) who are supposed to hang back a bit, fossick at the margins, sleuth in dark corners, ask original questions, ponder and dwell, mull things over, make unexpected journeys, fly in small aircraft, throw frequent but fetching tantrums and filter all we see and hear through the silk-fine mesh of our experience and intellect.

It takes all sorts.

This week, for example, I have been nowhere near the hustings, in Britain or America. Nothing so predictable. My game is far deeper, my quarry more obscure. For reasons I cannot go into (journalism is a jungle: brutish and predatory), I was briefly in Miami; then briefly in San Juan; then briefly in St Maarten, then briefly somewhere else. Now I am in Miami again. Or somewhere remarkably like it.

Rush, rush; scurry, scurry. But I have had odd moments to myself, most of which I have spent delving into a collection of the writings of E B White: wise and witty pieces,

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most of them quite short, published in *The New Yorker* between 1927 and 1976.

The man I have to thank for introducing me to E B White is the *FT* books editor, who stopped by my desk recently, said he had a present for me and handed me the volume. Then he went to lunch.

E B White is brilliant. On March 26 1955, for example, a piece by him – "Stock Market Zigzags" – appeared in *The New Yorker*. It was very short, so I can quote it almost in full, for its pertinence has not dimmed.

"We don't fully subscribe to the bald statement that confidence in this country's economy can be lost in a day", White started. "There are tangible assets that are not easily wiped out – the soil, the climate, the industrial vigor, the immense spirit of a people who won freedom through revolutionary zeal and are still willing to work for it. And there are intangibles that give the economy fertility and vitality.

"The stock market, which is a sort of horse track without the horses, does not deserve its wide reputation as a barometer. It sometimes sows the hurricane, instead of reporting the breeze. It is naturally flighty . . . But what the market does symbolise, in its nervous way, is the health-giving flexibility of capitalism – the trait that keeps our economy delicately balanced but that makes it a far better servant of the people than the state-driven economies that have hardly any elasticity at all."

So far so good. But then White got to the point.

"The other day", he continued, "in San Diego, the American economy even adjusted to springtime: work was halted on a $7m building programme to give a dove time to hatch her eggs. Our confidence in a society that observes this sentimental ritual and practices this fiscal folly cannot be toppled in a day. To talk of peace is not enough; we must hatch the eggs of the dove."

And that was it. A pearl, an emerald. Or so I thought at first, as the orange glow of sunset streaked the horizon and pelicans wheeled.

But then I thought: what a beautiful sleight-of-hand. Magician-like, White achieves his purpose – a toot for capitalism – by implying that the eggs of the dove are safer if threatened by a capitalistic building programme than if threatened by a state-driven one.

Which is nonsense. So far as I know, there is no particular evidence to indicate that market-driven economies, or democracies, are better at protecting the environment, or other species, than state-driven ones.

As a matter of fact, the worst abuses seem to occur when foreign-owned enterprises of a capitalistic nature work hand-in-glove with the corrupt servants of socialist, or centralist, regimes. To see that this is so, all you need do is read Dale Peterson's *The Deluge and the Ark*, an account of the pressures and deprivations facing many of the world's 180 species of primate.

Worldwide, people now consume around 4bn cubic yards of wood annually, enough to build a solid wooden highway to the moon. This is not good for the primates, many of whose habitats are so threatened by the antics of loggers and governments everywhere, and of every political tint, that almost half are declining towards extinction.

My thought for the day: beware of stylish journalism. It can lure you into the swamp.

■ *E B White: Writings from The New Yorker 1927-1976*, Harper Perennial, £7.99. *The Deluge and the Ark*, Hutchinson Radius, £14.95.